

ANNUAL REPORT

2012/ 2013



eThekweni Municipality
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Preface

Section 121(1) of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA) stipulates that: "Every municipality and municipal entity must for each financial year prepare an annual report in accordance with its guidelines."

The purpose of the annual report is to:

- (a) Provide a record of the activities of the eThekweni Council during the financial year 2012/2013;
- (b) Provide a report on performance against the budget of the eThekweni Council for the financial year 2012/2013; and
- (c) Promote accountability to the local community for the decisions made throughout the year by the Municipality.

According to the MFMA, this Report should include:

- (a) The annual financial statements of the Municipality, and consolidated annual financial statements, submitted to the Auditor-General for audit in terms of section 126 (1) of the MFMA
- (b) The Auditor-General's audit report in terms of section 126 (3) of the MFMA and in accordance with s45 (b) of the MSA; on the financial statements in (a) above;
- (c) The annual performance report of the Municipality as prepared by the eThekweni Municipality in terms of section 45(b) of the Local Government: Municipal Systems Act 32 of 2000 (MSA);
- (d) An assessment of the arrears on municipal taxes and service charges;
- (e) An assessment of the Municipality's performance against the measurable performance objectives referred to in Section 17 (3)(b) of the MFMA for revenue collection from each revenue source and for each vote in the Municipality's approved budget for the financial year 2012/2013;
- (f) Corrective action taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d); and
- (g) Recommendations of the Municipality's Audit Committee.

ACRONYMS

ABM	Area-based management
ABET	Adult basic education and training
AFCON	Africa Cup of Nations
AQMP	Air quality management plan
ARVs	Anti-retrovirals
BPM	Business process management
BR&E	Business Retention and expansion
BRICS	Brazil, Russia, India, China and South Africa
BSU	Business Support Unit
CBD	Central Business District
CCTV	Closed Circuit Television
CDM	Clean Development Mechanism
CE	City Enterprises
CIFAL	Relates to the French term, translated: International training centre for local Authorities
CM/MM	City Manager/Municipal Manager
CMP	Coastal management plan
COE	Centre of Expertise
COGTA	Department of Co-operative Governance and Traditional Affairs
CRA	Contingent Reserve Arrangement
CSW	Cleansing and Solid Waste
DAEA	Department of Agriculture and Environmental Affairs
DCM	Deputy City Manager
DEAT	Department of Environmental Affairs and Tourism
DH (ENV)	Deputy Head: Environmental Management
DFO	Durban Film Office
DPLG	Department of Provincial and Local Government
DTI	Department of Trade and Industry
DTP	Dube Trade Port
ECOD	Economic Development and Planning Committee
EDPP	Economic Development Programmes Departments
EDU	Economic Development Unit
EE	Employment equity
EESMP/DMOSS	eThekwin Environmental Services Management Plan/ Durban Metropolitan Open Space System
EIA	Environmental impact assessment
EMA	eThekwin Municipal Area
EMD	Environmental Management Department
EMS	Environmental Management System
ETA	eThekwin Transport Authority
ETM	eThekwin Municipality
EPWP	Expanded Public Works Programme
ETA	eThekwin Transport Authority
EXCO	Executive Committee
ESW	eThekwin Solid Waste
EWS	eThekwin Water Services

GDP	Gross Domestic Product
GIPO	Geographic Information and Policy Office
GIS	Geographic information system
HHLD/HH	Household
HIV/AIDS	Human Immunodeficiency Virus Infection/Acquired Immunodeficiency Syndrome
HR	Human resources
ICC	International Convention Centre
ICT	Information and Communication Technology
IDP	Integrated Development Plan
IEP	Informal Economy Policy
IMESA	Institution of Municipal Engineering of Southern Africa
IPU	Investment Promotion Unit
IRPTN	Integrated Rapid Public Transport Network
IT	Information Technology
JDMC	Joint Development Management Committee
KPIs	Key performance Indicators
LAP	Local area plan
LED	Local Economic Development
MFMA	Local Government: Municipal Finance Management Act 56 of 2003
MIG	Municipal Infrastructure Grant
MILE	Municipal Institute of Learning
MOA	Memorandum of Agreement
MPRA	Local Government: Municipal Property Rates Act 6 of 2004
MSA	Local Government: Municipal Systems Act 32 of 2000
MTEF	Medium term expenditure framework
NBR	National Building Regulations
NCOP	National Council of Provinces
NDP	Nodal development plan
NEPAD	New partnership for Africa's development
NGO	Non-government organisation
NLTA	National Land Transport Act
NPA	National Ports Authority
NRW	Non-Revenue Water
PDIs	Previously disadvantaged individuals
(P)INK	(Phoenix), Inanda, Ntuzuma and Kwa Mashu area
PIP	Phoenix Industrial Park
PMS	Performance Monitoring System
PMTCT	Prevention of mother to child transmission
PMU	Project Management Unit
PR	Proportional representation
QOL	Quality of life
QLS	Quality living standards
RIMMS	Roads, Infrastructure Maintenance Management System
ROD	Record of decision

SACN	South African Cities Network
SAPI	South African Planning Institute
SAPREF	South African Petroleum Refineries
SCI	Sustainable Cities Initiative
SCM	Supply Chain Management
SDB	South Durban Basin
SDBIP	Service Delivery and Budget Implementation Plan
SD&CE	Sustainable Development and City Enterprises (Council committee)
SDP	Spatial Development Plan
SDF	Spatial Development Framework
SEDA	Small Enterprise Development Agency
SETA	Sectoral Education Training Authority
SHIs	Social Housing Institutions
SLA	Service level agreement
SMMEs	Small, Micro and Medium Enterprises
SPU	Special Projects Unit
UNFCCC	United Nations Framework Convention on Climate Change
VCI	Visual conditions index
WAN	Wireless area network
WSP	Workplace Skills Plan

CHAPTER 1 MESSAGE FROM YOUR MAYOR

Mayor: Councillor James Nxumalo



Dear eThekweni Municipality Stakeholder,

Another eventful financial year has just passed and as I pen this address my thoughts go to this country's greatest servant leader Tata Mandela who has touched so many lives and has had a profound influence both nationally and internationally. People now celebrate his life and the legacy he has left behind. The City will not seize the array of activities aimed at giving to the needy selflessly - a philosophy which our beloved former President has always propagated. My own relatively little contribution has its foundation from the values infused in me through my association with this global icon. I think I echo the sentiments of the ailing upright statesman when I call on all of you to make every day a Mandela Day. I have dedicated myself to doing just that.

The 2013/2014 financial year is a watershed year, as April 2014 will herald the completion of twenty years of democracy and whilst very significant achievements have been made in the eThekweni Municipal Area (EMA), I am mindful there are still serious challenges. We must all be reminded that there is a huge correlation between the available resources such as budgets and the extent of service delivery. EThekweni Municipality has however been blessed with capacity both in the political and administrative operations, which has enabled the maximisation of service delivery relative to those provided by other parts of our country. In my budget speech earlier this year I indicated that the theme for the 2013/2014 financial year is: "Positioning ourselves to meet unmet needs and aspirations as we move towards the 20th Anniversary of our Freedom."

The achievements of eThekweni and the numerous awards it received for excellence in service delivery is highlighted in the respective departments' contributions in the chapters that follow. I mention but a few notable major projects achieved in the period of our democracy which ought to make every one of us very proud. These include the opening of the new King Shaka International Airport, the development of the Dube Tradeport, the construction of flyover bridges in the Warwick Junction that have made access in and out of the City simpler, as well as the investment on the beachfront upgrade.

Investments in facilities like the Inkosi Albert Luthuli International Convention Centre (ICC), UShaka Marine Theme Park and the iconic Moses Mabhida stadium have assisted the City in gaining international exposure through the hosting of high level international events like the World Cup, the 17th Conference of the Parties (COP17) Climate Change Conference and most recently the Brazil, Russia, India, China and South Africa (BRICS) Summit.

Following our successful hosting of COP17, and building upon previous climate change work in eThekweni, I am pleased to announce the launch of an inclusive process to develop a climate change strategy for eThekweni Municipality. Climate change will affect us all, from the business owner to the subsistence farmer. Increasing our resilience to the predicted changes in climate and investing in the green economy will help us to live up to our goal of being Africa's most caring and livable city. The success of the eThekweni Climate Change Strategy will depend on how inclusive the process is, so that all voices of our City are represented and heard. We therefore encourage all citizens to register on the Durban Climate Change Strategy stakeholder database www.dccs.org.

Apart from the priorities identified in our Integrated Development Plan, the Municipality has engaged with communities via the Mayoral Izimbizo, Zonal Budget Hearings, Masakhane Campaign and Operation Sukuma Sakhe to establish other urgent needs. These are eradication of transit camps, water crisis affecting western and northern areas of the City, slum clearance, provision of sanitation in both rural and informal settlements, electrification of rural areas and informal settlements, rehabilitation of existing housing stock in the R293 and ex-Own Affairs areas. I am happy to report that these issues are being addressed as a priority.

The barometer for any organisation's strength of good governance is an unqualified audit report, and eThekweni Municipality can proudly acclaim to have not had a single qualified report since its inception in 2000. As with any organisation the size of eThekweni, there are lapses and levels of corruption and fraud which is combated through a fully capacitated Internal Audit Unit and the City Integrity and Investigations Unit.

Ward Committees have been established in all wards save for two. The Ward Committees are being trained and will be capacitated to produce ward based plans which will inform the broad Integrated Development Plan of the City.

War rooms have been established in the majority of the wards with the objective of effectively implementing Operation Sukuma Sakhe programme designed to institute food security, fight disease, in particular Human Immunodeficiency Virus Infection/Acquired Immunodeficiency Syndrome (HIV/AIDS) and Tuberculosis (TB), and poverty, to empower women and youth, and to instil behavioural change amongst the citizens).


Another step in the deepening of democracy has been the formal gazetting in terms of Section 81 of the Municipal Structures Act, where it has been determined that 17 traditional leaders that have jurisdiction in the eThekweni area will participate in Council proceedings. This will go a long way in advancing the development in our Rural Areas.

I launched the comprehensive and integrated maintenance programme under the theme "Clean My City" on the 2 May 2013. This was in response to our observation that notwithstanding the resources we spent on maintaining our City, the outcomes have not been pleasing. The challenges that this campaign is tackling is an exhaustive list. They include our CBD, secondary CBD's and towns, bus and taxi ranks, areas where there is street vending, train stations and railway servitudes are filthy; absence of ablution facilities within the CBD, secondary CBD's and towns, illegal dumping, drainage systems, pavements, potholes, street and traffic lights outages, over-grown verges and trees, invasion of alien species, unsafe and hazardous buildings, crime and drug abuse, bad and hijacked buildings.

Whilst South Africa is regarded as a gateway into Africa, Durban has entrenched itself as an integral City component of the gateway. The fifth BRICS Summit was hosted in Durban on the 26-27 March 2013 which culminated in the summit outcome document known as the eThekweni Declaration and Action Plan. Some of the crucial outcomes were agreement to the establishment of a New Development Bank with substantial and sufficient initial capital contribution for the bank to be effective in financing infrastructure. In addition, the Leaders also agreed on the establishment of the Contingent Reserve Arrangement (CRA) with an initial size of US\$100 billion. The CRA would help BRICS countries forestall short-term liquidity pressures and further strengthen financial stability. It would also contribute to strengthening the global financial safety net and complement existing international arrangements as an additional line of defence. In this regard, the BRICS Leaders agreed to review progress made in these two

initiatives at the next meeting of BRICS Finance Ministers and Central Bank Governors in September 2013. Another outcome of the Summit was the establishment of the BRICS Think Tanks Council and the BRICS Business Council. The BRICS Think Tanks Council will link respective Think Tanks into a network to develop policy options such as the evaluation and future long-term strategy for BRICS. The BRICS Business Council will bring together business associations from each of the BRICS countries and manage engagement between the business communities on an on-going basis. What a boost for development!

In conclusion, I must thank all the dedicated staff and Councillors who have contributed to a successful 2012/2013 financial year. Sincere thanks to the residents and businesses who continue to support our Municipality by ensuring that we maintain a collection rate which makes us one of the best financially viable run Municipality. I close with a prayer that our beloved Tata Mandela will have a speedy recovery and return home to be with his family.

A handwritten signature in black ink, appearing to read 'Nxumalo', written over a horizontal line.

Councillor James Nxumalo

Mayor: eThekwin Municipality

MUNICIPAL MANAGER'S OVERVIEW



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The 2012/2013 financial year marks my first full year as the City Manager, and it certainly proved to be a memorable journey albeit a continuously challenging one. Much has been achieved in the year of which a brief overview follows, but I am very mindful of the many challenges still to be overcome. I joined amidst the controversy of the Manase Report, which for me highlighted serious lapses that I set out to address as a priority. It was patent that a lapse in good governance in the upper echelons had the effect of permeating the entire organisation and wholesale flouting of legislation in the name of service delivery became the norm. Further the internal controls needed to detect maladministration, irregularity; fraud and corruption were weak which was exacerbated by weak political oversight structures and processes. We have made giant strides in the supply chain processes and as well as changing management in the Supply Chain Unit. Systems are now in place to detect Councillors and employees who are doing business with the Council supplemented by a Conflict of Interest Task Team and a Blacklisting Committee. The release of the full report proved to be contentious, but I am happy to report the MEC of Co-Operative Governance and Traditional Affairs (COGTA), Ms. Nomsa Dube only released the report once she became satisfied with the progress with the implementation of the recommendations contained in the report.

The oversight has been considerably enhanced with the newly appointed Heads of Department in the Internal Audit and the City Investigations and Integrity (CIU) Units. My commitment to pay special attention to the reduction of irregular expenditure when I took over office is evidenced by the drastic reduction from R 1.3 billion before I came into office to R325 million in the 2012/2013 financial year. The aim is to report a zero irregular expenditure and many resources have been directed to ensure this goal is achieved.

In spite of a continuously moving target of the service delivery backlogs great strides have been made in recent years. The City is justifiably proud of its excellence in infrastructure delivery and its record for the exceptional expenditure performance. This record has been achieved through effective project management.

eThekweni is performing better than the national average for all household infrastructure indicators, with refuse removal being particularly impressive. Limited funding and exponential growth in the municipality has increased the level of backlogs. The City faces development pressures emanating from backlogs in access to basic services and housing, the need to rehabilitate or replace existing infrastructure, and the need to expand infrastructure services to support economic growth. Urbanisation trends are also adversely impacting on addressing of backlogs even further.

The Municipality has as part of its infrastructure planning, documented the nature and extent of backlogs in service delivery across the metropolitan area.

The City can pride itself on a successful large scale mass housing delivery program. Housing is a top priority and no time was wasted in appointing the new Head to drive the Municipality's housing program. The Informal Settlement Programme is the major focus of eThekweni Housing. The principle intention is to upgrade informal settlements wherever possible and to only relocate residents if upgrading is impossible for health, safety or technical reasons. In order to fast track the general housing backlog within the city a pilot project is being introduced using alternate building technology. The Urban Settlements Development Grant is a key City human settlements funding source. It provides for the funding of, inter alia, bulk infrastructure, housing development projects, land acquisition and community facilities all with the targeted view to upgrading the informal settlements across the city in an affordable manner.

As informal settlements face a range of basic challenges such as access to services, a pro-active and broad-based programme aimed at providing a range of basic interim services to a number of prioritised informal settlements within the municipality has been developed with a view to addressing these basic issues. In a bid to speed service delivery, the municipality is working with the Department of Energy to provide electricity to about 300 000 informal dwellings in eThekweni as part of the Integrated National Electrification Programme (INEP). The municipality has recently approved plans to roll out the electrification of several informal settlements as part of the programme to provide interim services for people. The programme was aimed at informal settlements where the Department of Human Settlements did not have a plan to build low-cost houses within five years. There are 16 informal settlements earmarked for the programme.

An innovative model, termed the Social Facilities Accessibility Model has been developed in order to address backlogs in community facilities by matching the demand for facilities, based on population numbers and income, with the supply and capacity of facilities geographically. This assessment shows the nature and extent of facility backlogs across the municipality and all requests for the construction of new facilities are currently being assessed within this context. In terms of the service delivery pertaining to water and sanitation eThekweni continues to meet the stringent standards required in order to receive the Blue Drop and Green Drop status.

The Municipality's financial performance and position is sound mainly due to budgets being balanced, and financed from the current financial year's revenues from all sources. In addition the Municipality operates within its annual budget, as approved by Council and maintains a positive cash and investments position. Consistently high revenue collection rates are being achieved. The Municipality has maintained a favourable credit rating.

The municipality is in a fortunate position to undertake much needed service delivery programmes from internally generated reserves, long term external funding and Government grants. The Municipality can boast of its sound financial position and the fact that it did not make any borrowings in the 2012/2013 financial year.

The lost revenue through electricity and water loss through theft remains an insurmountable challenge in spite of the efforts to mitigate such losses. Apart from the financial loss to the City a grave concern is the number of lives lost as a result of these electricity and cable thefts. The Municipality has also used protective structures to secure its electricity meters to prevent unauthorised access to the meters. A Cable Theft Task Team has been established and

works with the South African Police Services, with the team purely concentrating on curbing cable theft. A cable theft hotline number is operational for the residents to report any incidents or suspicious activities.

In a highly global economy where competition for investment has intensified, only those economies that continuously improve their comparative and competitive advantages will weather the economic storm. The City has several comparative and competitive advantages and has in recent years enhanced these in a bid to stay ahead of the competition for investment. The municipality is on the expansion trail, with a number of strategic areas earmarked for rapid development to fit in with the city's aim of becoming a regional power house. The second phase of the 55 km Western aqueduct pipeline is underway and will be rolled out over a seven year period. It is expected to significantly strengthen the capacity of bulk water supply to the Western regions, ultimately boosting water supply to the north of the city. There are currently a number of programmes and projects being undertaken as part of the city's priorities in a range of sectors most of which align with national governments focus on infrastructure development and job creation. Further enhancing the provinces comparative and competitive advantages are several major infrastructure projects that form part of the Strategic Infrastructure Projects (SIP's) announced by government. Aerotropolis, Dube Trade Port, King Shaka International Airport, dig-out port, logistics hub development, dedicated rail and links, Durban to Gauteng rail upgrades-all multibillion-rand projects, which are key infrastructure developments of the Provincial Growth and Development Strategy.

Mega-eventing has become a natural outcome of the huge infrastructure spend, with the city hosting several national and international events. Hosting of events is a trend that is used by the cities of the world to stimulate the local economy through sport and tourism events. During the last year the city successfully hosted the Top Gear festival which was a spectacle par excellence. Being a host city for the recent 2013 Orange African Cup of Nations

Tournament has had major spin-offs for the city. In line with the city's aim to be the country's sports and events capital, the city has won hosting rights to the Sports and Events Tourism Exchange convention for the next three years. In addition, the City will be the new home for Soccerex African Forum for the next three years. Engagements are also underway for the Tourism Indaba to be a permanent event in Durban.

Durban is the domestic tourism capital and hosts some 1.7 million people per annum, and contributes approximately R 5.2 billion per annum to the City's economy. According to the Global Destination Cities Index, Durban is predicted to be the fastest growing Tourism City in Africa and one of the fastest growing tourist destinations in the world. This news coincides with the City embarking on its first Digital International Marketing Campaign on Global television, having struck an international television marketing deal with National Geographic. In addition, government is on a mission to get more international airlines to fly directly to King Shaka International Airport. The KwaZulu-Natal (KZN) government is in negotiations with a number of airlines to get direct flights between Durban and India, as well as the possibility of Air Seychelles flying directly to Durban.

In its endeavour to continue being the leader in holiday destinations, eThekweni has fast tracked the refurbishment of its beaches for the residents and visitors to enjoy. In this regard, work on the second phase of the beachfront facelift is well underway with some sections already completed and opened to the public. A world class cruise ship terminal, as part of the Point Waterfront development is on the cards. The terminal would improve boarding for cruise tourism passengers and have a multiplier effect in the tourism sector.

The capital budget for the period under review was R 4.30 billion with an actual spend of R3.47 billion which translates into an 81% spend. The under spending is mainly due to the delay in the implementation of the Integrated Rapid Public Transport Network (IRPTN) project for which the preliminary design has been completed. Funds to the value of R663 million has already been committed and due to be spent in the 2013/2014 financial year. The funding has been secured via government grants thereby having nil impact on the ratepayer. It is a three phase project and the roll out is expected to cover seven years. This project is a first "wall to wall" integrated public transport network

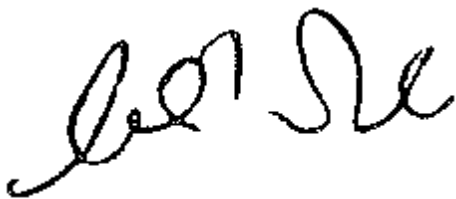
plan and strategy in the country that embraces a range of modes including rail and the successful implementation would be dependent on continuous grant funding with the roll out of phase two and three.

The 2013/2014 Medium Term Budget proposes a total consolidated budget of R 34.1 billion, which is comprised of a R 5.4 billion capital budget that continues to reflect consistent efforts to address backlogs in basic services and the renewal of the infrastructure in the City, and an operating budget of R 28.3 billion that will make provision for the continuation of the services provided by the Municipality. This includes the provision of costs to address service delivery backlogs, bulk purchases of water and electricity accounting for 29.6 % of the operating expenditure, repairs and maintenance of infrastructure, employee related costs as a result of filling of vacancies and provision for salary increases, and the impact of capital spending on the operating expenditure.

In my brief overview I have touched on some of the achievements and challenges facing the Municipality. The rest of the Annual Report is a detailed coverage from the individual Departments' activities for the 2012/2013 years, which is open to public scrutiny and comments post the tabling of this Annual Report at the end of January 2014.

Finally, I wish to thank the Mayor, Exco Members, Councillors, Deputy City Managers, Heads and all other staff members. In addition I also thank our Entities, the Unions, the businesses and citizens who supported the Municipality throughout the last year. All your efforts have contributed in making the eThekweni Municipality, a World Class Municipality to be proud of.

I remain your humble servant



Mr Sibusiso Sithole

City Manager

eThekweni Municipality

CHAPTER TWO - GOVERNANCE

2.1 INTRODUCTION TO GOVERNANCE

The recent Manase Report highlighted lapses in good governance precepts and the City wasted no time in addressing the gaps identified by immediate interventions, including the overhaul of the supply chain management processes and the improvement of Councillor oversight. In trying to be vigilant the City Manager has called for several reports which provide him with information on operational issues. In this way problem issues are tackled timeously through speedy interventions.

The Municipality has received an unqualified report for the 2012/2013 financial year. The ultimate testament to good governance is an unqualified opinion from the Auditor General, and eThekweni Municipality has maintained its excellent record of never having even once received a qualified report. The Municipality is doing everything possible to achieve a Clean Audit in the 2013/2014 financial year.

The Municipality is organised administratively on a Cluster basis which are led by Deputy City Managers (DCMs). There are seven Clusters as depicted in Figure 2.1. Two new DCMs were appointed in the 2012/2013 financial year. They are Dr. Naledi Moyo, who is in control over the Economic Development and Planning Cluster, and Ms. Dumisile Nene who oversees the Corporate and Human Resources Cluster.

2.2 POLITICAL GOVERNANCE

The Council operates on an Executive Committee System. The following Support Committees have been established in terms of Section 80 of the Municipal Structures Act to assist the Executive Committee:-

- a) Community & Emergency Services Committee
- b) Economic Development & Planning Committee
- c) Finance & Procurement Committee
- d) Governance and & Human Resources Committee
- e) Human Settlements & Infrastructure Committee

Each of the Support Committees deliberate on matters that fall within its specific terms of reference and make recommendations to the Executive Committee for approval, or where necessary for endorsement by the Executive Committee for final approval by the full Council.

Any matter that has financial implications has to be signed off by the Chief Financial Officer before it is approved. The Executive Committee has wide ranging delegations with the exception of the powers provided to Council in terms of Section 160 (2) of the Constitution of the Republic of South Africa, 1996. The Executive Committee makes recommendations for approval by Council on such matters.

In addition Council has established the following Committees in terms of Section 79 of the Municipal Structures Act:-

- a) Ethics Committee
- b) Municipal Public Accounts Committee

The Ethics Committee has been established by Council to ensure compliance with the Code of Conduct, set out in Schedule 1 of the Local Government: Municipal Systems Act 32 of 2000, in the Municipal Council and Council Committees. It investigates and makes findings on any alleged breaches of the Code and makes appropriate recommendations to the Council.

The Municipal Public Accounts Committee which is made up of non-executive Councillors ensures that the administration, municipal agencies and entities are held accountable for their management of municipal funds and assets, and to ensure the efficient and effective utilisation of council resources. The Committee also considers the

Annual Report and makes recommendations to the Council on the Annual Report, by submission of an Oversight Report. The Committee's Oversight Report is published separately in accordance with the MFMA.

The Council also has an established Audit Committee in terms of Section 166 of the Municipal Finance Management Act. The Audit Committee, which is an independent external committee, provides an oversight function over the financial management and performance of the Municipality.

2.2.1 POLITICAL STRUCTURE

<u>MAYOR:</u>	Councillor James Sikhosiphi Nxumalo
<u>DEPUTY MAYOR:</u>	Councillor Nomvuzo Francisca Shabalala
<u>SPEAKER:</u>	Councillor Loganathan Naidoo
<u>CHIEF WHIP:</u>	Councillor Stanley Zamokwakhe Xulu

EXECUTIVE COMMITTEE

1. Councillor James Sikhosiphi Nxumalo (Chairperson) (ANC)
2. Councillor Nomvuzo Francisca Shabalala (Deputy Chairperson) (ANC)
3. Councillor Joice Nondumiso Cele (ANC)
4. Councillor Sibusiso Nigel Gumede (ANC)
5. Councillor Zandile Ruth Thelma Gumede (ANC)
6. Councillor Fawzia Peer (ANC)
7. Councillor Terence Peter Collins (DA)
8. Councillor Ronnie Veeran (DA)
9. Councillor Bongiwe Rose Mtshali (NFP)
10. Councillor Patrick Pillay (MF)
11. Councillor Loganathan Naidoo (Ex-Officio) (ANC)
12. Councillor Stanley Zamokwakhe Xulu (Ex-Officio) (ANC)

On 2013-03-28, Councillors Ronnie Veeran and Terence Peter Collins were replaced by:

13. Councillor Heinz Ulrik de Boer (DA)
14. Councillor Zwakele Maxwell Mncwango (DA)

EThekweni Municipality comprises a total of 205 Councillors, of which 103 are Ward Councillors and the other 102 are Proportional Representative (PR) Councillors. Council continues to operate on an Executive Committee System. With regard to Ward Councillors there are 87 male Councillors and 15 female Councillors. Ward 39 is vacant following the resignation of Councillor Mduduzi Sakhiwe Ngcamu on 2013-04-11. In respect of PR Councillors there are 50 male Councillors and 52 female Councillors. There are a total of 137 male Councillors and 67 female Councillors.

Political Parties are represented on Council as follows:-

PARTY NAME	WARD SEATS	PR LIST SEATS	TOTAL
African Christian Democratic Party	0	2	2
African National Congress	78	48	126
Azanian People's Convention	0	1	1
Congress of the People	0	1	1
Democratic Alliance	17	26	43
Inkatha Freedom Party	0	8	8
Minority Front	6	5	11
National Freedom Party	0	10	10
Truly Alliance	0	1	1
Independent	1	0	1
Vacant	1	0	1
TOTAL SEATS	103	102	205

Note: Appendix A lists Councillors.

Appendix B sets out committees and committee purposes.

2.3 ADMINISTRATIVE GOVERNANCE

As part of the Institutional transformation and in an endeavour to strengthen and build an efficient administration, alternate delivery mechanisms are reviewed in order to ensure improved services to communities. In order to enhance operational efficiency, an organisational structure review was undertaken and in line with the Municipality's Institutional Review Framework, high level organograms have been developed. These entail change of names of various clusters, creation of a new cluster i.e. Programme Management, expansion of the Office of the City Manager and the streamlining of functions throughout the Council. One of the proposals of the new framework is the establishment of a City Planning Commission, to align the long-term City Growth and Development Strategy with National and Provincial Government.

The Priority Zone Facility Management and the visible streetscape maintenance and urban management have been a success. The principle herein is integrated service delivery whereby contracted urban management or facility companies provide top-down management services to a prioritised urban precinct. These programs will be rolled out to other focus areas.

The Municipal Manager, as the accounting officer of the Municipality, provides guidance to political structures, political office bearers, and officials of the Municipality and the entities which is under the sole control of the Municipality. Figure 2.1 reflects the organisational structure of the Municipality which was approved by council on the 30th July 2013. DCMs report directly to the City Manager and are responsible for a Cluster and have Departmental Heads reporting to them. In addition to the DCMs, The Chief Strategy Officer and five Unit Heads report directly to the City Manager. The direct reports to the City Manager are the Chief Audit Executive, Head: Legal and Compliance, Head: Metropolitan Police, Chief Information Officer and the Head: City Integrity and Investigations. Further, ten offices report directly to the Chief Strategy Officer, viz., Head- City Transformation, Head: Performance Monitoring and Evaluation, Senior Manager – City Research and Policy Advocacy, Head: Area Based Management, Chief Risk Officer, Manager – City Manager's support, Head: Organisational Development and Change Management, Senior Manager – City Regional Growth and Development Strategy, Head: Sustainable City Initiatives, and Senior Manager – Municipal Institute of Learning. A weekly DCMs Forum is chaired by the City Manager, where strategic and operational issues are deliberated on.

APPROVED: EXCO-27/08/2013

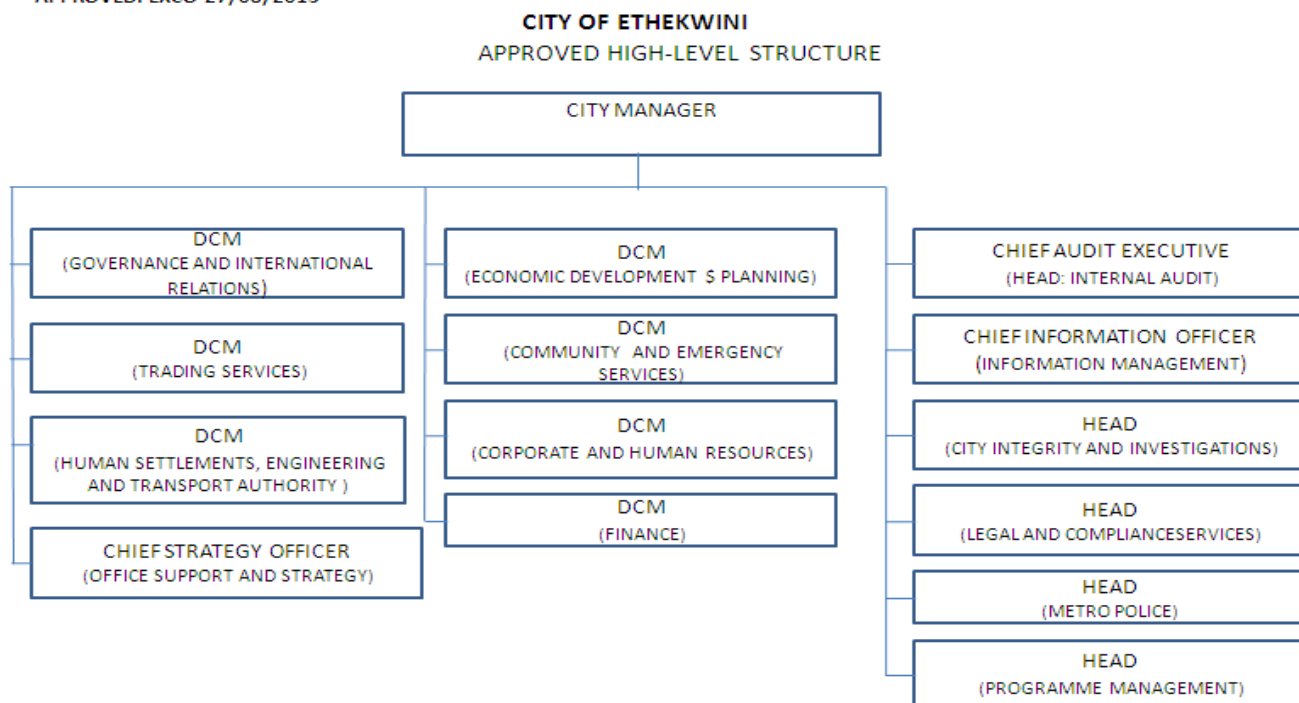


Figure 2.1

2.3.1 INTEGRATED DEVELOPMENT PLAN (IDP)

The 2012/2013 IDP was adopted by Council on the 30 May 2012 together with the 2012/13 Budget. In developing the IDP, the Municipality embarked on an extensive process to engage with internal and external stakeholders to elicit comments which fed into the compilation of the 2012/2013 IDP. The IDP is the strategic driver for development and implementation in the Municipality. The IDP aligns to the Municipality's development objectives, budget and performance management framework. Strategic development policies at an International, National and Provincial level e.g. the Millennium Development Goals, National Planning Commission and the Provincial Growth and Development Strategy respectively, have informed the development of the 2012/13 IDP.

The 2030 Vision in line with the Long Term Development Framework provides the strategic direction for the IDP development goals and strategy. The identified priorities and focal areas were presented to the public through an extensive public participation process which involved staff from Budget, IDP and Performance Monitoring and Evaluation Units. Comments raised during the public interaction process were used to update and amend the 2011/12 IDP.

The 2012/13 IDP was rated number one amongst the 61 KZN municipalities by the MEC. The municipality also received an award from the MEC of COGTA for having one of the Top Ten IDPs for five consecutive years and the best implemented IDP for the financial year 2011/12.

2.3.2 INTERNAL AUDIT

eThekweni Municipality Audit and Risk Assurance Services (*herein after referred to as EMARAS*), is an independent, objective assurance and *consulting activity* designed to add value and improve eThekweni Municipality's operations and assist the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes. The Chief Audit Executive, reports functionally to the Audit Committee and Administratively to City Manager. EMARAS is established in accordance with the requirements of Municipal Finance Management Act (MFMA) No.56 of 2003, The Municipal Systems Act No 32 of 2000, and espoused the King III Report on Corporate Governance.

The vision of EMARAS is to make a discernible contribution to the achievement of eThekweni Municipality's strategic goals in ensuring that by 2030 eThekweni Municipality will enjoy the reputation of being Africa's most caring and liveable city where all citizens live in harmony.

The Council is ultimately responsible for the total risk appetite; enterprise-wide as well as forming its own opinion on the effectiveness of the process, and overseeing the establishment of effective systems of internal financial controls, general computer controls and compliance with laws and regulations. In order to reduce the level of residual risk and provide reasonable assurance that the Municipality's financial and non-financial objectives are achieved, EMARAS engages the City Manager and Deputy City Manager's and reports to the Audit Committee for the City's Executive Management accountability and responsibility.

Risk-based auditing

It is the responsibility of Council and City Manager to undertake risk assessment of the business of Council, establish and maintain an environment that fosters business ethics, risk management, control and governance.

EMARAS applies a qualitative risk-based internal audit approach; premised on experience and founded on a detailed knowledge of the business of each auditable entity under review. This approach focuses primarily on evaluating the extent to which management has been successful in identifying critical inherent risks and implementing adequate and cost effective internal controls to manage these risks. The internal audit approach recognises the establishment of the macro/micro risk environment of Council - enterprise wide, taking into account portfolio view of risk (e.g. clusters; entities, departments).

In pursuit of our primary mission to support the enhancement of Corporate Governance ethos of eThekweni, EMARAS emphasizes value-adding through the application of high-level risk assurance and advisory services to areas of material risk.

The internal audit coverage includes a high-level focus, which relates to the following, to the extent considered appropriate:

- Independently identifying the risk profile of the auditee environment, and reviewing the processes and procedures in place to assist management to promptly identify new risks, or changes to existing risks;
- Evaluating the extent to which management has identified their inherent risks, as well as the adequacy and cost-effectiveness of internal controls which management has implemented to manage these risks in all of the significant financial and operational processes of the organisation;
- Facilitating good practice in managing risks by evaluating compliance with relevant legislation, as well as with the various procedures, policies and regulations implemented by management to ensure that the internal control environment functions effectively on an on-going basis;
- Reviewing which processes/systems/units within the organisation provide value-for-money, by evaluating the efficiency, economy and effectiveness of operational and managerial processes and procedures, and identifying areas of waste and inefficiency;
- Providing recommendations for improvements in all of the above aspects; and
- Deterring fraud through identifying and/or investigating incidents of known or suspected fraud. It is management's responsibility to prevent and detect fraud; EMARAS assists through its audit effort to guide management on weaknesses of internal controls.

The EMARAS model is premised on the Entire Enterprise and Organisational Model of eThekweni Municipality; taking into account the mandate of Council; regulatory and its Risk Universe to arrive at the Audit Universe.

Scope of work

Based on the Audit Universe determined based on Council Risk and Regulatory Universe Enterprise wide; EMARAS Focus Areas in the 2012/13, achieved 91% of the planned audit coverage and contributing positively by co-ordinating a clean audit mandate and readiness assessment. Under the current year the unit has made a discernible effort to contribute to the strategic objective of a clean and accountable organisation; despite capacity challenges; in certain areas.

The Audit Focus areas for 2013/14 have significantly increased to areas not covered before specifically focusing on (amongst others):

- Financial activities and revenue recognition and management;
- Operational and transversal audit significantly impacting on supply chain management processes;
- Audit of Performance Management System/predetermined objectives as required by Section 45 of the Local Government Municipal Systems Act, No 32 of 2000 is also conducted.
- Regulatory compliance and increased service delivery in the built environment, and Technical Disciplines using Technical Specialist Auditors in the build environment;
- Forensic auditing and data analytics enforcing stewardship and ethical management and continuous monitoring;
- Effective oversight and leadership of Council Oversight Structures and capacity to ensure attainment of council;
- Programme and Project management – Council wide;
- Grant funding and application and related projects;
- Enterprise Risk management Framework – Business Continuity Management; and
- Total focus on Municipal Entities; Joint Venture's and Entities' Service Delivery Agreements.

To this end, The City Manager has approved new resource requirement for Internal Audit, based on the increased business development focus; emerging residual risks and regulatory requirements.

Combined assurance

In line with the Council and City Managers Commitment, EMARAS has deployed phase 1, of integrated assurance which focuses its attention on continuous audit monitoring and reporting regularly; with a view to ensure speedy resolution of Audit Queries both Internal Audit and consequently Auditor General; with a total focus towards achievement of Clean Audit Mandate.

The governance of risk is functioning effectively in pursuit of integrated assurance and re-definition of risk response roles, and co-ordination of audit effort deploying principles of Combined Assurance, and roles of risk in effective management of residual risk levels – Council wide.

EThekweni Municipality Audit and Risk Assurance Services, as a practicing Internal Audit have adopted and subscribe to the IIA's *International Standards for Professional Practice of Internal Auditing (Standards)* and the Code of Ethics, and consequently committed to the *Batho Pele Principles*.

2.3.3 ENTERPRISE RISK MANAGEMENT (ERM)

The Enterprise Risk Management strategy and framework was reviewed and approved by Council for implementation during the 2012/13 financial year within the eThekweni Municipality and its' entities . One strategic and fifty one operational risk registers were developed. Each register has dedicated a risk champion who is trained and supported by the Enterprise Risk Management Department. About 60 individual and group training and workshop sessions were conducted on risk management and the risk management software application (CURA) throughout the municipality during the year. Presentations on the 2012-13 strategic and cluster risk profiles were also made to Portfolio Committees of Council.

In addition, an assessment on the status of Business Continuity Management (BCM) in the municipality was undertaken. Based on the results of the study, a Business Continuity Management policy and strategy was developed and approved by Council. The Enterprise Risk Management Department structure was accordingly revised with the addition of Business Continuity responsibility.

Monthly and quarterly reports were presented to the Risk Management Committee; Audit and Risk Committee as well as EXCO on progress made in the implementation of the risk management strategy. The Risk Committee, made up of three external members, was also established later in the year to strengthen risk governance and provide an independent advice and support to City Management and Council. Seven Risk Management; four Audit and Risk and one Risk Committee meetings were held during the year 2012-13.

At a strategic level, twenty two 22 risk areas were identified as having a material likelihood to impact on achievement of the municipality's objectives should they materialize. At least 101 actions aimed at reducing the risk exposures and thus improving the management of the risks were developed, implemented and monitored. At the end of the financial year June 2013, all action tasks were either completed or on average more than 50% in progress of implementation.

The top 10 strategic risks for eThekweni municipality in 2012/13 financial year were as follows:

Financial sustainability

Ageing infrastructure

Fraud and corruption

Attract, develop, motivate and retain critical mass of staff with required skill

IT Systems

Supply Chain Management

Ability to respond to external disasters

Business Continuity

Credit rating

Sustainability of natural resource base including climate change

2.3.4 OMBUDSPERSON

The Municipality has a separate ombuds office which is responsible for implementing its Fraud and Anti-Corruption policy. It deals with all cases of fraud and corruption reported internally or by external sources. It manages a hotline to receive information anonymously.

2.3.5 LEGAL SERVICES

The Legal Services Unit plays a supportive and advisory role to strengthen the capacity of the Municipality in fulfilling its Constitutional and other legislative mandates. This is done by providing legal advice and support to Committees and Council as well as supporting the Speaker on the discipline of Councillors. Throughout the year the Unit has done legal work for all the key Units such as Supply Chain Management, Human Settlements, Water and Sanitation, Treasury, Real Estate, Business Support and other Units. The Unit conducts research on some of the municipal legislation and policies as and when it is required. The first phase of the rationalisation of by-laws has been finalised. The second phase is currently being drafted. The Municipal Court is a one stop shop, tailor made to prosecute all the violations of our by-laws as well as some traffic offences, making a huge difference in this area. The Unit has also taken on additional functions during this financial year, viz, establishing a compliance function in the Municipality as well as taking over the support for tender appeals. The unit also provided support in the implementation of the recommendations of the Manase Report.

2.3.6 COMMUNICATIONS

The Unit is organised into four departments:

- **Administration:** Responsible for management and provides support services to the Unit
- **Communications:** Provides communication services to line departments
- **Publications:** Designs and produce publications
- **E-Communications:** Provides an electronic vehicle for information dissemination

In July 2012 a workshop was held to review the Municipal Communication Strategy, the revised strategy was adopted by Council in November 2012. Annual communication plans were developed for each unit. Media campaigns were implemented for the following major projects: African Cup of Nations (AFCON) 2013, BRICS Summit and Ward Committee Elections. The monitoring of the compliance with the Communication Policy continued throughout the financial year. The Unit achieved 98 % website availability, and the website has seen a significant rise in the number of page views. The website statistics include the following: New visits 40.80%, visits 1,293,236, average time spent 3: 32 minutes, returning visitors 60.52 % and page views 4,376,266.

Meetings with various departments took place and revised sitemaps were provided by Metro Police, Sizakala Centres, Water & Sanitation, Supply Chain Management, Inter-Governmental Relations (IGR), and Health, to mention a few. The content of website was restructured so that it is citizen centred and relevant development of intranet continued. The slow speed of the intranet required immediate and urgent migration of content to

improve the process speed. The new intranet under the domain name *ithekunet.durban.gov.za* went live in 2012/13. There were 24 issues of ezaseGagasini Metro newspaper, in English and isiZulu, were printed and distributed as per schedule. In addition, nine supplements were published.

2.3.7 REGIONAL CENTRES

In keeping with the Batho Pele principle of improving the service quality, eThekweni has provided greater accessibility by introducing the Sizakala Customer Care Centres throughout its boundaries. In this financial year the 35 centres serviced approximately 2 million customers. A satisfaction survey done in the year indicated an 86.1 % customer satisfaction rate.

2.3.8 COMMUNITY PARTICIPATION

The Unit assisted in setting up 14 co-operatives. Orientation of community mobilisers, community development workers and regional co-ordinators on the establishment of Ward Committees was implemented. Support was given to Councillors in their outreach programmes. Eighteen soup kitchens were operated to feed the needy. Programmes to assist vulnerable groups such as the aged, youth, children, women and the disabled were also implemented.

2.3.9 INTERNATIONAL AND INTER-GOVERNMENTAL RELATIONS

The Unit is responsible for developing, promoting and implementing all the international, national and local citizenship relationships to maintain a positive profile of eThekweni locally and internationally. The Unit is divided into four sections namely Events and Protocol Services, Intergovernmental Relations, International and Donor Relations and eThekweni Africa and NEPAD Programmes. A total of 158 events were undertaken by the Events and Protocol section.

The Intergovernmental Relations section co-ordinated and managed all municipal relationships with other spheres of government, to ensure that there is a strong link between departments internally and the other two spheres of government (National and Provincial).

The role of the International and Donor Relations unit is to manage and coordinate all sister city partnerships, international donor relations and other strategic international relations. EThekweni Municipality is a proud member of the Decentralized Cooperation Programme (DCP) under the United Nations Institute of Training and Research (UNITAR). CIFAL Durban has been training African municipalities in sustainable urban management practice since 2003 within a partnership agreement with the UNITAR project. From this year the Africa / NEPAD Programme has endeavoured to align its programmes with those of CIFAL so that sustainable partnerships between the eThekweni Municipality and African municipalities can emanate from the numerous visits made by delegates to the CIFAL Training session.

2.3.10 MUNICIPAL INSTITUTE OF LEARNING (MILE)

The Municipal Institute of Learning (MILE) is a knowledge management initiative of the eThekweni Municipality that is actively positioning Durban as a learning city. Over the last financial year this innovative program has helped consolidate our commitment to knowledge management.

In 2012/2013 municipal departments working, under the MILE flagship 'Capacity Enhancement' program, have successfully hosted three Management Seminars, two Councillor Seminars, an unprecedented nine Master Classes, five peer learning exchanges and one major international learning exchange. Partnering with international agencies such the United Cities and Local Governments (UCLG), CEFEB, SALGA, SACN, World Bank Institute, etc. and hosting high level guest speakers from all spheres of government including the MEC for Local Government in KZN, MILE has over the last year become an important learning partner in the knowledge management arena.

Internally, three internal Communities of Practice for departments have been held to promote a new culture of sharing and learning, whilst an electronic conference reporting system went live with the support and leadership of the City Manager, now ensuring that every official that attends an international learning event is compelled to complete an easy to fill online template.

On the collaborating with universities program managed by MILE, two Built Environment Seminars in partnership with Durban's tertiary institutions were held. In addition and very significantly, the City's first eThekweni-University Research Symposium heralded a new era in the City, where practitioners and academics pledged to share their research findings in what will now become an annual symposium.

Officials from the strategic planning departments in the municipality were called on to provide support to African municipalities in Namibia and Malawi under the banner of the MILE Municipal Technical Support.

Some of the highlights for 2012/2013 included the highly successful Revenue Management Master Class led by officials from eThekweni's City Treasury's Unit in Ghana, funded by the PPIAF and in partnership with international partners CEFEB-AFD. Thirty seven practitioners from eight countries (Ghana, Nigeria, Tanzania, Swaziland, Kenya, Gambia, Uganda and South Africa) were shown practical approaches to generate income and were guided on how they can implement these initiatives within their municipalities. This Master Class will now be repeated in east Africa.

The other highlight was the Intermediary Cities Learning Exchange was hosted by the United Cities and Local Governments (UCLG) Urban Strategic Planning Committee in collaboration with the KwaDukuza Municipality, KwaZulu-Natal Cooperative Governance and Traditional Affairs (KZN COGTA), SALGA, Newcastle Municipality and eThekweni Municipality. Over 100 practitioners from over eight countries in the global south attended the Learning Exchange to understand the concept of intermediary cities and its applicability to African cities.

MILE was also showcased by the Cities Alliance in December in Dakar, Senegal at the international AFRICITIES forum and seen as an important partner for African cities to collaborate with for capacity enhancement and technical support.

The MILE success story is due to its approach of strategically partnering with key funders and agencies that fund their programs. No additional costs to the ratepayer base are incurred for flights, accommodation, etc. for any of its capacity enhancement programs. For more information please visit our website on www.mile.org.za.

2.4 PERFORMANCE MONITORING AND EVALUATION

INTRODUCTION

In terms of section 46 of the Municipal Systems Act of 2000, municipalities are required to prepare an Annual Performance Report, which forms part of the Annual Report to be prepared in terms of the Municipal Finance Management Act 2003.

The Performance Monitoring and Evaluation Unit is responsible for reporting on the Organisational Performance, Individual Performance of certain senior management staff, producing the Municipality's Annual Report and controlling the Disclosure of Interest of all staff and Councillors. Performance Monitoring and Evaluation, reports on the municipality's implementation of its strategies, as detailed in its IDP via the scorecard quarterly reports which detail the targets and actual achievements in each quarter.

The Scorecard is audited quarterly by Internal Audit and is then presented to the Audit Committee where senior management is required to address the concerns raised by the committee. Evaluations of Predetermined Key Performance Indicators (KPIs) linked to the Strategic Focus Areas (SFAs) in the IDP are also done periodically by the Internal Audit Unit. The Service Delivery and Budget Implementation Plan (SDBIP) is the operational tool used to determine whether project targets for the various programmes which are linked to the institutional scorecard, are achieved.

The Annual Performance Information is set out on the Organisational Performance Scorecard.



eThekweni Municipality

Organisational Performance Scorecard

2012/2013

SCORECARD REPORT AS AT 30 JUNE 2013



eThekweni Municipality

Organisational Performance Scorecard




2012/2013


SCORECARD REPORT AS AT 30 JUNE 2013

SUMMARY OF PLANS

Plan No	Total # of KPIs	# KPIs Achieved	KPI's achieved within 5% tolerance	# KPIs Not Achieved within 5 % tolerance	Achievement Rate (%) with no tolerance	Achievement Rate including KPIs within 5% tolerance (%)
1	10	5	3	2	50.00%	80.00%
2	2	1	0	1	50.00%	50.00%
3	27	18	2	7	66.67%	74.07%
4	9	3	2	4	33.33%	55.56%
5	8	6	0	2	75.00%	75.00%
6	5	3	1	1	60.00%	80.00%
7	28	19	1	8	67.86%	71.43%
8	18	17	0	1	94.44%	94.44%
Total	107	72	9			
Achievement rate:					67.29%	75.70%


Plan 1 :Develop and Sustain our Spatial, Natural and Built Environment											
Plan Owner: Soobs Moonsamy											
Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 2016/2017	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
1.1	Develop, update and review Planning tools for managing land use and development	NEW KPI - New SDF complete based on COGTA guidelines	%	SDF & SDP annual review complete	Land Use Management System implemented	100.00	100.00	😊			
1.2	Number of Building Plans (expressed as a percentage) finalised within statutory timeframes (30 days >500m2 & 60 days <500m2)	NEW KPI - 75% of all applications received have been dealt with	%	100% of all applications received have been dealt with	100% of all building applications meet statutory timeframes	100.00	97.00	😐	Achieved 3% variance	Complexity of applications received and improved process monitoring is required. Reaching 100% will remain out of reach despite any improvements as we would have to over-capacitate	BPM implemented on all regions as of 1st of July 2013
1.3	Number of completed buildings processed for valuation (expressed as a percentage) within statutory timeframes (14 days for issuing of certificates)	NEW KPI - 85% of applications received have been dealt with	%	100% of applications received have been dealt with	100% of all Building Inspectorate applications and cases meet statutory timeframes	100.00	99.70	😐	Achieved 0.3% variance	Capacity shortage as staff resign and or retire on an on-going basis which becomes a moving target.	To appoint staff under critical vacancies on an on-going basis.



Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 2016/2017	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
1.4	Development of Municipal Coastal Management Programme (MCMP)	75% of MCMP Developed	%	MCMP Adopted	MCMP Implemented	100.00	90.00		Not achieved 10% variance	Delay in ECOD approval of strategy	Working with a Consultant to complete MCMP.
1.5	Production of the Annual State of Biodiversity (SOB) Report	SOB Report Produced.	%	Produce SOB Report	Produce SOB Report	100.00	100.00				
1.6	Implement a Municipal Climate Protection Programme	10 climate protection projects implemented as outlined in Project Plan/SDBIP	%	8 Key projects monitored	Development of a strategic action plan for the Climate Protection Branch	100.00	100.00				


Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 2016/2017	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
1.7	Implement projects to enhance control over signage and advertising.	New KPI - no baseline	%	Implementation of projects per the SDBIP	100%	100.00	92.20		Not achieved 7.8% variance	Overall achievement was impacted by: 1. Bus shelters - Finalizing the specifications and management plan of the contract with ETA has delayed the process. 2. Taxi rank branding - ETA requested that further discussions are to be held due to the fact that there is a plan to do extensive maintenance on the ranks which have been selected 3. Drafting of Policy, documentation and procedures for Council approval: Community Policing Forums and Stadia - A decision has been made with legal to reformat the document and use it as a base for redrafting the bylaws in 2013/2014. Both the policy and bylaws will be presented simultaneously to council for adoption	1. Determining and agreeing on specifications and management plan with service unit before the end of the first quarter of the 2013/2014 financial year 2. Agree with ETA on how to take the process further in 2013/2014. 3. Submitting the reformatted draft policy and new bylaws to council for adoption by council. Ensuring that the legal department submits these before the end of the 2013/2014 financial year.



Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 2016/2017	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
1.8	Implement projects to enhance service delivery within building Inspectorate.	New KPI - no baseline	%	Implementation of projects per the SDBIP	100%	100.00	100.00	😊			
1.9	Implement projects to enhance service delivery for development applications.	New KPI - no baseline	%	Implementation of projects per the SDBIP	100%	100.00	100.00	😊			
1.10	Implement projects to enhance service delivery for enforcement.	New KPI - no baseline	%	Implementation of projects per the SDBIP	100%	100.00	96.80	😐	Achieved 3.2% variance	A grievance lodged by staff resulted in delays. Although the grievance has now been resolved, it delayed steps to interact with the LUMS team.	The project that caused the delays is of an operational nature. It has been removed for the next financial year and monitoring will take place within the unit.



Plan 2 :Developing a Prosperous, Diverse Economy and Employment Creation											
Plan Owner: Naledi Moyo											
Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 12/13	5 Year Target 16/17	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
2.1	The number of jobs created through municipality's local economic development initiatives including capital projects	35444 jobs created	Number	20000	100,000	20000.00	20405.00	😊		Tourism events created an increased number of jobs in Q3 which then resulted in the annual figure being higher.	Historically the jobs data was extracted from an external source and these referred to permanent employment in the private sector and did not reflect jobs created by the Municipality's capital budget. In the new financial year, the Unit has implement a comprehensive monitoring system to determine the number of jobs from the economic development initiatives particularly capital projects.


Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 12/13	5 Year Target 16/17	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
2.2	The number of development opportunities created to support the economic sectors.	NEW KPI - Baseline to be established	Number	2,500	15,000	2500.00	2229.00		Not achieved 10.84% variance	Even though the economy has improved during the 11/12 financial year, the education system is not producing the skills needed in the labour market. Lack of existing infrastructure and future investments are also key factors hampering economic development opportunities in Durban.	Measures would be to try and adopt most of our significant strategies such as Economic Development, Industrial Development and the eThekwin Business Development so that relevant implementation plans could be effected thereby creating development opportunities spatially and sectorially. For the new financial year, each Unit will have its own KPI measured against the percentage completion of projects (except for the jobs KPI which will reflect number of jobs).


Plan 3 :Creating a Quality Living Environment											
Plan Owner: Sibusiso Sithole											
Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 16/17	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
3.1	The percentage of households with access to a basic level of electricity	66.4%	%	67.3	70.6	67.30	69.30			Initial 12/13 target was based on a lower amount of people. The targets have been increased to a more suitable level. In order to allow only low income users to receive free basic energy we set a criteria of max 150kW per month, if a family uses on average more they'll be taken of the FBE list. We find that the totals can range by more than 3000 customers in a single month. This causes erratic behavior and makes targets difficult to meet	
3.2	The percentage of households with access to a basic level of Solid Waste	100.0%	%	100.00	100.00	100.00	100.00				



Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 16/17	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
3.3	The percentage of households with access to a basic level of Water	92.23%	%	92.3	92.8	92.3	94.45			Delivery is in response to Councillor and community driven requests. It is not clear why these requests vary between reporting periods. It is also possible that water supply is being provided which is not recorded in the GIS records.	



Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 16/17	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
3.4	The percentage of households with access to a basic level of Sanitation	76.05%	%	77.7	84.5	77.7	76.92		Achieved , 1% Variance	After slow start to delivery earlier in the year (all as recorded previously) the target delivery for Q4 was exceeded which indicates that the project is now on track to consistently meet delivery targets (Target delivery of 4050 h/hs per quarter , delivery in Q4 was 4955). Of concern, however, is that, in addition to the 107 Community Ablution Blocks (CABs) handed over in the year, there are some 100 CABs in the process of 'snagging' and 'handover to community'.	1. Aim to reduce number of snagging items by better project management 2. Procedure/ responsibility for both clearing snagging items and for the appointment of caretaker / handover to community to be reviewed by project manager to minimise delays.
3.5	The percentage of estimated indigent households with access to free basic services: Electricity	12.4%	%	14.8	16	14.80	17.11			Reason being it is more dependent on applications submitted and connection fees paid by customers, reasons for over-achieving would that there were more applications submitted by customers.	



Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 16/17	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
3.6	The percentage of estimated indigent households with access to free basic services: Solid Waste	100%	%	100.00	100.00	100.00	100.00			Target is achieved	
3.7	The percentage of estimated indigent households with access to free basic services: Water	87.4%	%	87.6%	88.2%	87.6	87.75			Delivery is in response to Councillor and community driven requests. It is not clear why these requests vary between reporting periods. It is also possible that water supply is being provided which is not recorded in the GIS records.	


Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 16/17	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
3.8	The percentage of estimated indigent households with access to free basic services: Sanitation	52.91	%	55.5	66.5	55.5	54.31		Achieved , 1% Variance	After slow start to delivery earlier in the year (all as recorded previously) the target delivery for Q4 was exceeded which indicates that the project is now on track to consistently meet delivery targets (Target delivery of 4050 h/hs per quarter , delivery in Q4 was 4955). Of concern, however, is that, in addition to the 107 Community Ablution Blocks (CABs) handed over in the year; there are some 100 CABs in the process of 'snagging' and 'handover to community'.	Aim to reduce number of snagging items by better project management. Procedure/ responsibility for both clearing snagging items and for the appointment of caretaker / handover to community to be reviewed by project manager to minimise delays.


Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 16/17	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
3.9	The number of consumer units provided with access to a FREE basic level of SANITATION by means of a UD toilet, an existing VIP or, for informal settlements, by means of a toilet/ablution block within 200m	9095	Number	16200	81000	16200.00	8991.00		Not achieved, 44.5% variance	After slow start to delivery earlier in the year (all as recorded previously) the target delivery for Q4 was exceeded which indicates that the project is now on track to consistently meet delivery targets (Target delivery of 4050 h/hs per quarter , delivery in Q4 was 4955). Of concern, however, is that, in addition to the 107 CABs handed over in the year, there are some 100 CABs in the process of 'snagging' and 'handover to community'.	Aim to reduce number of snagging items by better project management. Procedure/ responsibility for both clearing snagging items and for the appointment of caretaker / handover to community to be reviewed by project manager to minimise delays.


Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 16/17	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
3.10	The number of consumer units provided with access to a FREE basic level of potable WATER either by means of an indiv hh yard supply (ground tank or metered flow limiter connected to a yard tap) or, for informal settlements, by a standpipe within 200m	1873	Number	1000	5000	1000.00	2060.00			Delivery of basic water is dependent upon budget and procurement plus the unpredictability associated with community negotiations around the project and site working conditions. Sometimes these work in your favour, others against. Sanitation has over delivered; water has under delivered, all for the above reasons.	
3.11	The number of consumer units provided with new prepaid ELECTRICITY connections captured including housing and rural consumer units	12760	Number	8000	40000	8000.00	9986.00			Connections dependent on applications submitted and connection fees paid by customers	




Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 16/17	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
3.12	The number of consumer units provided with new conventional ELECTRICITY connections (this year)	1681	Number	1000	5000	1000.00	1069.00			Connections dependent on applications submitted and connection fees paid by customers	
3.13	The number of additional consumer units provided with a once/week, kerb-side REFUSE removal service.	2083	Number	7200	26000	7200.00	362 year to date		Not achieved, 95% variance	Cleansing and Solid Waste Department provide a refuse collection service on houses that are built and occupied, therefore 362 houses have been serviced and this constitutes 100% delivery for occupied houses.	Quarterly meetings will be held with Planning Department to ensure that the Unit is informed of all private housing developments.


Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 16/17	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
3.14	The km of unsurfaced ROAD converted to surfaced.	12.7	KM	2.3	55.3	2.30	7.10			The current road rehabilitation budget allocation was sufficient to keep the overall condition of the Municipality's surfaced road network at the 'good' level. Projects were carried over from the previous financial year due to poor performance of appointed contractors. The target was not adjusted in Q2 due to a similar expectation of poor performance in 2012/2013. However the actual performance was better than expected	
3.15	The number of consumer units collecting FREE basic ELECTRICITY (65kWh/month)	87675	Number	80000	85000	80000.00	85698.00			Figures dependent on number of people purchasing electricity tokens and thus fluctuate every quarter as it involves uncertainty	


Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 16/17	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
3.16	The number of consumer units receiving fully subsidised HOUSING.	3389	Number	7200	32000	7200.00	4181.00		Not achieved , 41,93 variance	Contractor put under administration and business rescue management affecting 5 projects. Regularisation in 2012/13 meant lost six months of the FY as appointments for service providers only finalized in Dec/Jan.	Procurement schedule linked to budgets. Pipeline of projects for MTAF. Need to increase Project Management capacity and may be getting some from Province due to assignment.




Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 16/17	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
3.17	The % of non-revenue water loss.	35.35	%	33.6	28.0	33.6	37.3		Not achieved 11.01 % variance	1. Appeal on NRW PSC contracts stalling progress2. SCM issues with supply of water meters causing a decrease in Water Sales3. Illegal connections continue to be a problem (estimated at 40 000).	1. Report has been submitted to BEC for third time. Anticipate contract commencement 1 September 20132. Section 36 submitted to procure water meters3. Department has employed more inspectors but political and social support will be essential.

Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 16/17	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
3.18	Electricity losses (technical and non-technical) as a % of electricity sales.	5.8	%	6	6	6.00	5.85			(information submitted on the 04th Sept - reflecting 5.85 which is 0.05 more than originally reported) The norm for electricity losses ranges from 5.6% to 12%. The loss incurred by the municipality is 5.85% (2012: 5.8%) and is due to a combination of transmission/distribution losses and losses due to illegal connections. In comparison to other Metro's, eThekweni Municipality maintains its losses at a lower end of the norm.	Optimal Network Configuration, Effective Maintenance on Network, Efficient Network Loading , Area Sweeps, Employment of security Intelligence Teams, Employment of security Intelligence Teams, Installation of anti-theft technologies at substations, Theft Hotline

Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 16/17	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
3.19	WASTE RECYCLED as a % of total waste disposed at municipal land fill sites.	8.1	%	13	20	13.00	7.90		Not achieved, 39,23 % variance	Recycling percentage dropped to 7.9% mainly due to Builders Rubble declining by 12%. In addition the delay in introduction of bottles and cans recycling programme has resulted in the target not being achieved.	The Unit will continue with education programs to educate EThekweni Residents about our recycling initiative
3.20	Phase 1 of Integrated Rapid Public Transport Network (IRPTN)	NEW KPI - Preliminary Design of Phase 1	%	30	Operational Implementation of Phase 1	30.00	10.00		Not achieved, 66,67% variance	The preliminary design of Phase (1) was due for completion in May 2012, but was only completed in August/September 2012. Procurement processes for the appointment of the team to do a detailed design was further delayed by about six (6) months.	The detailed design team was only appointed in June 2013.
3.21	Develop an integrated asset management plan	New KPI - no baseline	%	Implementation of projects per the SDBIP	100%	75.00	75.00				


Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 16/17	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
3.22	Create integrated Human Settlements plan	New KPI - no baseline	%	Implementation of 100% of projects per the SDBIP	100%	100.00	100.00				




Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 16/17	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
3.23	Develop an expanded Public Works programme	New KPI - no baseline	Number	The number of work opportunities (i.e 230 person days) created through the municipal capital and operating budget per line dept this year.	100% of work opportunities created	4774.00	6088.00			Targets are set by the National Department of Public Works based on past performance, unemployment rate for that Municipality, grants received and other factors of which we have no control of as the City. The target set for 2012/13 was 4774, far less than the previous year's target, which was 8425, which was met. The Municipality has a potential of meeting and exceeding the set targets if all the work opportunities are reported and recorded. This year IMS focused on improving the systems of reporting and other institutional arrangements and that is the main reason for over achieving on our FTE target. The maximum daily rate was increased from R150 to R400. The issue of a daily rate has been a problem in the past cause most of our beneficiaries were earning more than R150 per day and were excluded by the reporting system, close to 6000 beneficiaries were excluded in 2011/12 because of this.	



Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 16/17	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
3.24	Undertake rental stock rationalisation strategy	New KPI - no baseline	Number	Sale of council rental stock	100%	700.00	558.00		Not achieved , 20.28 % variance	Low uptake in Chatsworth due to upgrading snags/challenges	Review sales campaign strategy to encourage take up of units. Sales campaign to be accelerated.
3.25	The number of PUBLIC TRANSPORT RANKS constructed	New KPI - no baseline	Number	2	2 per annum	2.00	2.00				
3.26	3.3.1.10. The number of properties below the eThekweni defined level of service provided with STORM WATER solutions	New KPI - no baseline	Number	400	400 per annum	400.00	606.00			Additional Funds made available to react to Emergency Projects as a result of Storm Events during the 12/13 financial year.	


Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 16/17	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
3.27	3.3.1.11. The number of km of SIDEWALK constructed.	New KPI - no baseline	KM	32	32 per annum	32.00	39.90	😊			

Plan 4 :Fostering a Socially Equitable Environment											
Plan Owner: Dr Musa Gumede											
Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 12/13	5 Year Target 16/17	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
4.1	Reduction of traffic and by-law violations in eThekweni Metropolitan Area (EMA)	NEW KPI - 905564	Number	815007	534726	815007.00	841300.00	😊	Achieved 3.2% variance	Although the number of fines increased, the Unit performance has increased, thereby generating more fines, through increased enforcement and special operations and clean-up of city	Planning with business support; civic organisations; safer cities; communications and SAPS to increase education of road users and traders to increase compliance
4.2	Number of problem buildings assessed and actioned	NEW KPI - No Baseline	Number	26	130	26.00	43.00	😊		Over achieved due to increase in notices served and pressure being put on owners	
4.3	The Average Deficiency Ratio, derived from on-going quality control inspections of contract company guarded sites	NEW KPI - No Baseline	%	0	0	0.00	16.65	😞	Not achieved 16.65 % variance	Per Management, the annual target incorrectly stated - should have been 25% i.e. Striving for a deficiency rate of 25% and below.	

Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 12/13	5 Year Target 16/17	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
4.4	Establish a hazard and vulnerability profile and index rating	New KPI - No Baseline	%	eThekwini Hazard and Vulnerability Profile and Index Rating established	eThekwini Hazard and Vulnerability Profile and Index Rating improved	50.00	30.00		Not achieved 40% variance	The vulnerability assessment is an in-depth analysis of risks associated with all identified hazards that take into account historical events as well as assessment of potential for future occurrences, and contain rich store of data collection. Risk ratings for all hazards and vulnerabilities are then categorized by levels of risk ratings. The first phase of establishing a hazard and vulnerability profile and index rating commences with a comprehensive risk assessment study. The tender contract for the risk assessment was awarded to SRK Consulting in March 2013 (copy attached). The study has determined milestones and service deliverables and is currently in the phase of spatial and non-spatial data collection. This will be followed by an analysis of data leading to the quantification of risk and the development of a index rating. The letter of tender contract award is attached	This process will be done in phases, data collection phase in process. Annual target incorrectly stated. Has been amended for 2013/14 as it cannot be amended now.



Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 12/13	5 Year Target 16/17	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
4.5	Number of effective processes & procedures developed and implemented in administration system	NEW KPI - Baseline to be determined (0)	Number	3	5	3.00	3.00				
4.6	Percentage of HIV positive pregnant women eligible for treatment started on ARVs in facilities providing ARVs	NEW KPI - 80%	%	90	95	90.00	87.00		Achieved 4.44% within variance	HIV positive mothers not coming back for CD4 results and start of treatment.	New national policy allows for start of treatment (same day as HIV positive diagnosis) for pregnant women, without awaiting the CD4 laboratory results. This will reduce missed opportunities for initiation of HIV positive pregnant women on ARVs and thus reduce maternal mortality and HIV infection in new-born babies.
4.7	Percentage of smear positive TB cases cured	NEW KPI - 62%	%	70	80%	70.00	72.10				

Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 12/13	5 Year Target 16/17	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
4.8	Expand air quality monitoring network by 1 Site	NEW KPI - 12	Number	1	24	1.00	0.00		Not achieved 100% variance	Delay is due to non-performance of a specific senior manager in relation to his performance agreement. The problem was identified and additional resources were mobilised to assist. The project thereafter made satisfactory progress but the target was still not achieved due to protracted SCM processes which took 7 months to award tender. The tender was awarded on the 24 June but the Air Quality Monitoring Station has not yet been delivered	Additional staff allocated to support senior manager to procure monitoring station. Senior Manager to be held accountable. Tender awarded 24 June 2013. Delivery and commissioning due end of November 2013.
4.9	Loss of life from fire per 100 000 population	No Baseline. New KPI	Index	1.04	1	1.04	1.92		Not achieved 84.6% variance	Insufficient Staffing and due to non-establishment of public fire safety education function.	This will improve with the restructuring and the establishment of the public fire safety education function



Plan 5 :Creating a Platform for Growth, Empowerment and Skills Development											
Plan Owner: Siphon Cele											
Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 2016/2017	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
5.1	% implementation of the Work Place Skills Plan	72%	%	75	100	75.00	70.00		Not achieved 6.67% variance	Lack of training venues. Delays in procuring service providers. The target is set as a target from the SETA, so overspending on the minimum target is actually a positive thing as it indicates further investment in training than the minimum. The over spending according to the target, also includes the technical training spending incurred by Water and Electricity departments budgets, and must also be reported to the SETA. SETA may reimburse these funds at the end of the training which is expected to run over 2 years	Suitable training venues need to be established asap in order to deliver on the requests for training. Procurement processes must not be delayed

Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 2016/2017	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
5.2	The percentage of a Municipality's budget actual spent on implementing its workplace skills plan	193.75% of 0.16%	%	0.16	0.16	0.16	0.26	😊		More has been invested on training than the guideline from LGSETA. The target is set as a target from the SETA, so overspending on the minimum target is actually a positive thing as it indicates further investment in training than the minimum. The over spending according to the target, also includes the technical training spending incurred by Water and Electricity departments budgets, and must also be reported to the SETA. SETA may reimburse these funds at the end of the training which is expected to run over 2 years	
5.3	Number of activities established to promote the city as a centre for learning	New KPI - Baseline to be determined	Number	46	230	46.00	47.00	😊			

Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 2016/2017	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
5.4	Addressing the low level of youth and adult language and Numeracy skills.	New KPI - no baseline	%	Implementation of projects per the SDBIP	100%	100.00	100.00	😊			
5.5	Encouraging and supporting co-operatives, small enterprises, worker initiated, NGO and community training initiatives.	New KPI - no baseline	%	Implementation of projects per the SDBIP	100%	100.00	100.00	😊			
5.6	Addressing access to occupationally-directed programmes through the co-operative Education Policy.	New KPI - no baseline	%	Implementation of projects per the SDBIP	100%	100.00	100.00	😊			

Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 2016/2017	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
5.7	Increasing public sector capacity for improved service delivery and supporting the building of a developmental state.	New KPI - no baseline	%	Implementation of projects per the SDBIP	100%	100.00	65.00		Not achieved 45 % variance	Skills plan for councillors - Due to capacity problems at Skills some trainings were moved to early July 2013, during Cllr recess Skills plan for ward committees - Project is still in the bid evaluation stage	Skills plan for councillors - Monthly meetings with Skills Development to track progress on all Cllr training Skills plan for ward committees - The Bid committee must expedite the process
5.8	Building career and vocational guidance.	New KPI - no baseline	%	Implementation of projects per the SDBIP	100%	100.00	100.00				

Plan 6 :Embracing our Cultural Diversity, Arts and Heritage											
Plan Owner: Dr Musa Gumedde											
Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 2016/2017	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
6.1	Number of opportunities reflecting the extent of access to arts, culture, sports, recreation and heritage	No baseline - new KPI	Number	225 opportunities	1125 opportunities	225.00	361.00	😊		Q3 reporting affected escalated figures; additionally presentations and publications done by staff were not taken into account previously.	
6.2	Number of socio-economic empowerment initiatives	No baseline - new KPI	Number	165 initiatives	835 initiatives	165.00	165.00	😊			
6.3	Progress of projects contributing towards promoting an environment that encourages socio-economic activity	New KPI - no baseline	%	80% implementation of relevant project plans	100 % implementation of all relevant projects that have a 5 year or less life span	80.00	100.00	😊		Additional resources leveraged through collaboration with Architectural Dept and arts institutions - Cultural Precincts.	


Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 2016/2017	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
6.4	Progress made in implementation of project plans related to infrastructure development and asset management	No baseline - new KPI	%	Quarterly evaluation of progress	5 Annual Evaluations	100.00	96.00		Achieved 4 % variance	Delay in procurement process for the appointment of the development manager for Central Library; Sculpture project for Cato Manor Museum aborted due to unsuitable submissions	Decision has been taken for Library project procurement to be prioritised in order to accelerate delivery.
6.5	Progress made towards effective management and compliance with legislative requirements to support effective green environment management.	No baseline - new KPI	%	Quarterly evaluation of progress	5 Annual Evaluations	100.00	90.00		Not achieved 10% variance	Greening Strategy has been updated and adopted for the years 2011/2012 to 2015/2016; Measurement of all facilities has been completed on 15 July 2013; Stream Cleaning and measurement of D'MOSS and open spaces to be concluded this year 2013; Annual targets have been allocated on the 5 year strategies to be monitored and evaluated	Still negotiating with the Province and at their disposal as the negotiations are on hold


Plan 7 :Good Governance and Responsive Local Government											
Plan Owner: Sipho Cele											
Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 2016/2017	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
7.1	Number of international agreements and projects, events and protocol projects and intergovernmental agreements and projects that enhance Municipal service delivery.	320	Number	329	435	329.00	328.00	☹️	Achieved 0.3% variance	The wards based celebrate Durban events were not conducted in all wards due to no proposals coming from the ward.	In future all wards were capacitated to develop proposals in terms of SCM and proper community consultation.
7.2	Customer satisfaction based on the Sizakala Survey	86.1%	%	80% satisfaction	85% satisfaction	80.00	92.40	😊		The variance can be attributed to a concerted effort by staff to strive for customer service excellence. The implementation of a rewards and recognition programme and in-house training has also contributed to staff morale which has improved overall performance.	

Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 2016/2017	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
7.3	All sectors of eThekweni Community participate in Council activities through their representative structures	70% of stakeholders that are in the database participated in council activities	%	70% of stakeholders that are in the database participated in Council Activities	70% of stakeholders that are in the database participated in Council Activities	70	70	😊			
7.4	No. of communication tools implemented in line with the Adopted Communication Strategy and Policy	8 communication tools implemented	Number	8 communication tools implemented	10 communication tools implemented	8.00	8	😊			
7.5	(a) Percentage of staff that are aware of the systems and mechanisms available to combat corruption and unethical behaviour and the extent to which the systems are effective	75% Staff awareness	%	75% Staff awareness	90% Staff awareness	75.00	153.00	😊		Over-achieved due to unit requests. Target for the year was 15 workshops but held 23 workshops	
7.5	(b) Percentage of public that are aware of the systems and mechanisms available to combat corruption and unethical behaviour and the extent to which the systems are effective	60% of Public awareness	%	60% of Public awareness	80% of Public awareness	60.00	147.00	😊		Over-achieved due to requests from ward committees and councillor requests. Held 22 workshops instead of target of 15	



Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 2016/2017	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
7.6	Percentage of forensic investigations and ombuds cases finalized to ensure an effective investigative, auditing and ombuds service	60% of complaints (current financial year) finalised within set standards	%	60% of complaints (current financial year) finalised within set standards	80% of complaints (current financial year) finalised within set standards	60.00	60.00	😊			
7.7	% implementation of enterprise wide risk management according to the approved plan	110% roll out to strategic and operational levels	%	100% strategic and 80% operational risk registers completed 100% quarterly reporting	100	100.00	100.00	😊			
7.8	Number of audit projects undertaken to determine the adequacy of internal controls designed to mitigate against identified risks	179	Number	202	202 (three year rolling plan)	202.00	148.00	😞	Not achieved 27% variance	Staff shortages	We planned 175 projects for 2012/13 not 202, the 175 was subsequently revised down to 164. We completed 148 projects against the revised plan.
7.9	Unqualified audit in terms of performance information	Unqualified - 100%	%	Unqualified - 100%	Unqualified - 100%	100.00	100.00	😊			



Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 2016/2017	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
7.10	Interventions introduced to improve productivity, efficiency and effectiveness within the municipality	93 interventions	%	48 interventions	58 interventions	100.00	190.00	😊		Better re-engineering of work allowing the creation of teams under team leader. The annual target is 48 interventions, we have done 91 interventions which amounts to 190%. i have reported in percentage as our measure type is still in percentage. For 2013/14 we will be reporting in number as we have been told that our measure type has been changed to number.	BPR and Work-study Trainings

Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 2016/2017	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
7.11	Implementation of IT initiatives to improve efficiencies, effectiveness & accountability and eliminate wastage of resources	70% implementation of all projects	%	Implementation of 70% of all projects contained in the business plan	100 % implementation of all projects in the ICT strategy that have a 5 year or less life span	70.00	79.00			The projects where the department was able to go beyond the target were projects that had fewer external influences, where additional resources were used and where additional funding became available through the adjustment budget. Also projects in the second or third year of completion often fared bettered as processes such as the strategy, SCM, and financial commitments were in place	



Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 2016/2017	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
7.12	(a) Implementation of identified systems, policies, events and services to promote the interface between Council, the Administration and the Citizenry.	(a) Establish an institutional framework for the promotion of access to information. (b) 25% regeneration of City Hall - interior upgrade & exterior renovation. (c) 3 projects delivered.	%	100% implementation of 4 identified projects	100% implementation of 4 identified projects	100.00	100.00				

Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 2016/2017	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
7.13	Develop and Implement HR projects per the SDBIP.	91% of 4 projects Implemented	%	100% implementation of business plan targets	100% implementation of identified projects	100.00	85.50	☹️	Not achieved 14.5% variance	Non-availability of JasparSoft on DRL	Development of a parallel project plan for HR Dashboard implementation on JasparSoft and Cognos (Availability dependent)
7.14	Provide comprehensive health and safety programmes to the Clusters/City with the aim of reducing the Disabling Injury Frequency Rate (DIFR) on an annual basis.	100% provision of services to all Clusters	%	100% provision of services to all Clusters	100% provision of services to all Clusters	100.00	125.00	😊		Overachieved due to higher numbers of wellness, HCT, peer educator training and biological monitoring conducted to meet needs identified during the year	
7.15	Reduce the Disabling Injury Frequency Rate (DIFR) on an annual basis	DIFR reduced to 2.5	Ratio	To reduce DIFR to 2.5	Decrease Disabling Injury Frequency Rate (DIFR) to 1,50	2.50	0.79	😊		The annualised DIFR calculated is 0.79. The aim/target is to achieve a DIFR of below 2.5.	



Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 2016/2017	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
7.16	The number (%) of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan: AFRICAN TOP	African Top =47%	%	African Top = 61%	African Top = 61%	61.00	49.00		Not achieved 19.7% variance	Number of resignations took place in this level	Programmes are under discussion to correct the situation
7.17	The number (%) of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan: AFRICAN SENIOR	African Senior = 31	%	Senior = 42%	Senior = 42%	42.00	31.00		Not achieved 26% variance	Not much employee movement in this level	Programmes are under discussion to correct the situation




Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 2016/2017	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
7.18	The number (%) of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan: AFRICAN MIDDLE	African Middle= 39%	%	Middle = 50%	Middle = 50%	50.00	40.00		Not achieved 20% variance	Not much employee movement in this level	Programmes are under discussion to correct the situation
7.19	The number (%) of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan: COLOURED TOP	Coloured Top= 3%	%	Coloured Top = 2%	Coloured Top = 2%	2.00	4.00			There have been no employee movement	Programmes are under discussion to correct the situation

Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 2016/2017	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
7.20	The number (%) of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan: COLOURED SENIOR	Coloured Senior = 4%	%	Senior = 2%	Senior= 2%	2.00	4.00	😊		There have been no employee movement	Programmes are under discussion to correct the situation
7.21	The number (%) of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan: COLOURED MIDDLE	Coloured Middle = 3%	%	Middle = 2%	Middle= 2%	2.00	3.00	😊		There have been no employee movement	Programmes are under discussion to correct the situation


Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 2016/2017	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
7.22	The number (%) of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan: INDIAN TOP	Indian Top = 29%	%	Indian Top = 28%	Indian Top= 22%	28.00	28.00			There have been no employee movement	Programmes are under discussion to correct the situation
7.23	The number (%) of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan: INDIAN SENIOR	Indian Senior = 36%	%	Senior = 31%	Senior= 31%	31.00	37.00			There have been no employee movement	Programmes are under discussion to correct the situation


Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 2016/2017	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
7.24	The number (%) of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan: INDIAN MIDDLE	Indian Middle = 38%	%	Middles= 27%	Middle = 27%	27.00	38.00	😊		There have been no employee movement	Programmes are under discussion to correct the situation
7.25	The number (%) of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan: FEMALE TOP	Female Top = 20%	%	Female Top= 32%	Female Top = 32%	32.00	19.00	😞	Not achieved 40.6% variance	Few appointment were made in this level	Programmes are under discussion to correct the situation


Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 2016/2017	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
7.26	The number (%) of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan: FEMALE SENIOR	Female Senior = 25%	%	Senior= 32%	Senior = 32%	32.00	26.00		Not achieved 18.75% variance	Big progress was made, but resignations also disrupted the targets	Programmes are under discussion to correct the situation
7.27	The number (%) of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan: FEMALE MIDDLE	Female Middle = 28%	%	Middle= 37%	Middle = 37%	37.00	30.00		Not achieved 23% variance	Big progress was made, but resignations also disrupted the targets	Programmes are under discussion to correct the situation




Plan 8 :Financially Accountable and Sustainable City											
Plan Owner: Krish Kumar											
Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 2016/2017	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
8.1	The percentage of the municipality's capital budget actually spent on capital projects in terms of the municipality's integrated development plan	89.9%	%	90	100	90.00	81.00		Not achieved 10% variance	Delays in the continuation of the Western Aqueduct project owing to a court case and delays due to acquisition of land for IRPTN projects for ETA	The introduction of project profiling and procurement scheduling will improve spend
8.2	Issue 2 Supplementary Rolls per year thereby exceeding the MPRA requirement of issuing 1 supplementary roll per year	2 Supplementary Rolls	Number	2 Supplementary Rolls	2 Supplementary Rolls	2.00	6.00			Over-achieved in that a total of 6 Supp Rolls were published for the 2012/13 Financial Year	
8.3	Optimal availability of fleet vehicles (excluding buses)	97%	%	90.00	90.00	90.00	95.70			Achieved due to effort employed at monitoring and managing turn-around times for vehicles at the workshop. Meetings with vehicle manufactures are held every Friday morning.	

Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 2016/2017	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
8.4	Outstanding Service Debtors to Revenue	29.48%	%	38.00	38.00	38.00	28.14	😊		The improvement on this ratio is as result of our good collection rates as well as the reversal of the charges raised for rates against the Ingonyama Trust as per the ruling of the Constitutional Court.	
8.5	Debt Coverage Ratio (No. of times)	16.48	Number	12	18	12.00	12.35	😊		There is an improvement where compared to the target mainly due to decreased borrowings	
8.6	Cost Coverage Ratio (No. of Times)	3.8	Number	2	2	2.00	4.10	😊		Favourable - Mainly due to an increased cash and investments on hand at year end	
8.7	Gearing Ratio (Debt to Revenue)	NEW KPI - 47%	%	45	40	45.00	40.60	😊		Favourable - The lower ratio is attributable to no loans were taken during the year	

Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 2016/2017	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
8.8	Maintain a payment rate of Cash over Monthly billing at 95% for bulk electricity	92.9%	%	95	95	95.00	100.30			During the 2011/12 review the city adopted a fundamental departure from the previous credit control and debt collection practices in that only owners of residential property is allowed to enter into service agreements. The city belief that credit control starts by holding the owner responsible for any outstanding debt. With this new approach the City achieved a higher payment rate	

Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 2016/2017	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
8.9	Maintain a payment rate of Cash over Monthly billing at 95% for Electricity	99.6%	%	95	95	95.00	110.19			During the 2011/12 review the city adopted a fundamental departure from the previous credit control and debt collection practices in that only owners of residential property is allowed to enter into service agreements. The city belief that credit control starts by holding the owner responsible for any outstanding debt. With this new approach the City achieved a higher payment rate	

Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 2016/2017	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
8.10	Maintain a payment rate of Cash over Monthly billing at 90% for water	92.8%	%	90	90	90.00	105.26			During the 2011/12 review the city adopted a fundamental departure from the previous credit control and debt collection practices in that only owners of residential property is allowed to enter into service agreements. The city belief that credit control starts by holding the owner responsible for any outstanding debt. With this new approach the City achieved a higher payment rate	

Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 2016/2017	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
8.11	Maintain a payment rate of Cash over Monthly billing at 95% for Rates	101.6%	%	95	95	95.00	97.90			During the 2011/12 review the city adopted a fundamental departure from the previous credit control and debt collection practices in that only owners of residential property is allowed to enter into service agreements. The city belief that credit control starts by holding the owner responsible for any outstanding debt. With this new approach the City achieved a higher payment rate	
8.12	Report from Auditor General	Unqualified audit report	%	Unqualified audit report	Unqualified audit report	100.00	100.00			Achieved	Unqualified audit report received for 2011/12 AFS
8.13	Aligning SCM Processes to ISO 9001	NEW KPI - 15%	%	80	100	80	85.00			There were quick wins implemented ahead of time and these have assisted us in improving processes	These include business process improvement (BPI) initiatives, revised SCM policy, etc.

Ind ex	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	Annual Target 2012/2013	5 Year Target 2016/2017	Quarter 4 Target	Quarter 4 Actual	Indicator	Achieved within 5% tolerance	Reason For Variance	Steps Taken to Improve Performance
8.14	Implementation of web enabled system for the procurement of goods	NEW KPI - 10%	%	30	100	30	30	😊		An electronic system (SSS) was up finalised by 30 June. This was done in house (JDE), instead of SCM sourcing an outside service provider. The latter would have taken a little bit longer in terms of SCM processes	Web enabled system implemented and operational ahead of schedule
8.15	Optimal availability of Bus fleet	New KPI - No Baseline.	%	90%	90%	90.00	94.60	😊		Achieved due to effort employed at monitoring and managing turnaround time for buses at workshops. Meetings with the bus manufacturers are being held every Friday morning	
8.16	Implementation of energy office programmes.	New KPI - no baseline	%	Implementation of projects per the SDBIP	100%	100.00	100.00	😊			
8.17	Implementation of Municipal Climate Change programmes.	New KPI - no baseline	%	Implementation of projects per the SDBIP	100%	100.00	100.00	😊			
8.18	Implementation of INK projects.	New KPI - no baseline	%	50% of all projects completed	100%	50.00	50.00	😊			

CHAPTER 3 - SERVICE DELIVERY PERFORMANCE

3.1 INTRODUCTION

National Treasury credits eThekweni Municipality as being well ahead with most of the infrastructure delivery process, especially regarding infrastructure planning and construction procurement. In order to customise the Infrastructure Delivery Management System (IDMS) for local government, the municipality is participating as a pilot in the programme. The IDMS is described as the process that makes up public sector infrastructure/construction delivery and directly related procurement management and is seen by National Treasury and other stake holders as the model for the best practice infrastructure delivery.

The Engineering Unit will manage the process within the City through collaboration with National Treasury, CIDB and other stakeholders, both internal and external, ensuring technical cohesion and aligned support service. Our alignment as a city with the principle of IDMS as outlined by National Treasury is envisaged as an opportunity to improve multi-year portfolio, programme and project management principles both within and well beyond the current MTEF cycle. It would improve project strategy, planning and prioritisation through improved alignment with IDP and other objective driven strategies consolidated related input, processing output to a single source system leading to improved reporting, visibility and accessibility. In doing so, this will improve infrastructure delivery, be fully aligned to National Treasury's infrastructure alignment model developed through their Infrastructure Delivery Improvement Programme and additionally have the benefit of the assistance of National Treasury resources.

The actual capital expenditure of 81% is due mostly to the stringent adherence of supply chain policies, and the delay in certain projects such as the Western Aqueduct being implemented as a result of litigation. The continuation of interim services which provides access to a combination of water standpipes, communal ablution/sanitation blocks, solid waste removal, basic road access and footpaths with related storm water controls and electricity, delivered as a consolidated package of services is proving to be a popular model. The provision of interim services should by no means be interpreted as a substitution of the housing delivery programme. As the project name suggests it will merely supplement the housing programme and will aim to improve the lives of a much wider group of people, who would have otherwise had no access to services in the short term.

3.2 WATER PROVISION

Water and sanitation services are provided to domestic consumers, institutions, businesses and industries. The capacity to provide these services effectively and efficiently is a critical component in the delivery of sustainable basic services, for the improvement of a healthy living environment and in the support of economic development.

With this in mind, an achievable and worthwhile goal, almost always requires considerable effort and commitment. In eThekweni a good indication of keeping to these milestones of delivering, quality, efficient services can be found in the status of the Blue and Green Drop Annual Reports. The reports culminate in all departments in our organisation working together as a team towards sustaining and achieving a common goal, which is the attainment of service delivery excellence. The water is of a very high quality and therefore the City is one of the few cities in the world where it's safe to drink water from the tap (achievement of Blue Drop Status).

Non-Revenue Water (NRW)

The Non-Revenue Water Reduction Program enjoyed mixed results in the 2012/13 financial year. The losses in a typical metropolitan water network will rise by approximately 2% per annum, due to system attrition and the natural rate of rise of leakage. The large scale NRW programme has been negatively affected by delays in procurement due to appeals being lodged against the award of several contracts totalling R 63,8 million. The volume of NRW deteriorated by 2.3% to 37.3% for the financial year. The outlook for 2012/13 however, is positive as it is anticipated that the above contracts will be awarded shortly and this vital work can continue in earnest again.

The following interventions have been instituted to reach a 2013/2014 target of 35.0%.

- Lower supply pressure standards from a maximum of 900kpa to 600kpa as well as lower the minimum supply pressure from 300kpa to 250kpa.
- Implement these standards to reduce the average zone pressure from 52m to 42m.
- Improvements to the Custody Transfer Meters (where water to the value of approximately R 1,1 billion is purchased annually) to international best practice standards.
- Conduct active leak detection to 4000km of the network.
- Implement the Debt Relief and Amnesty Programme.
- Actively prosecute consumers found with illegal connections.
- Replace domestic and non-domestic meters in line with the Asset Management Plan.
- Improve internal processes to ensure that every consumer is metered, the meter is read and the consumer is billed.

Some of the strategic directions and programmes that eThekweni Water and Sanitation Unit (EWS) is currently implementing, are to make use of hydraulic modelling software, real time monitoring of the trunk main network and ultimately the reticulation network, documentation of the standard operating procedures, job scheduling software to improve efficiencies, electronic capturing of pipeline fault data and analysis of the same to provide guidance to the pipe replacement programme and thereby maximise the achievable benefits, and participation in the National Municipal Benchmarking Initiative.

In addition the Development of the Centre of Expertise (COE) is a programme that will pilot new technology and processes and provide dissemination on these programmes. A component of the COE programme also focuses on staff training based on the 'Train the Trainer' concept and this will help up-skill the staff at EWS.

The above will assist EWS fulfil its mandate efficiently in order to provide world class services to the residents of the municipality.

Year	NRW Volume (kl/day)	NRW by Volume %
2010/2011	285 813	33.2
2011/2012	308 122	35.4
2012/2013	325 024	37.3

Table 3.2.1 Loss of revenue due to water loss

Table 3.2.2 Water Service Delivery Levels	Households	Households	Households
Description	2010/2011	2011/2012	2012/2013
	Actual No	Actual No	Actual No
<u>Water:</u> (above min level)			
Piped water inside dwelling (standard water connection)	596,511	613,548	613,548
Piped water inside yard (but not in dwelling) supplied	43,881	45,520	45,909
Using public tap (within 200m from dwelling) supplied	211,999	213,382	214,957
Other water supply (within 200m)			
<i>Minimum Service Level and Above sub-total</i>	852,391	872,450	893,412
<i>Minimum Service Level and Above Percentage</i>	93.4%	92.23%	94,45%

<u>Table 3.2.3 Water Service Delivery Levels</u>	Households	Households	Households
<u>Description</u>	2010/2011	2011/2012	2012/2013
	Actual No	Actual No	Actual No
<u>Water:</u> (below min level)			
<i>Below Minimum Service Level sub-total</i>	60,067	73460	71,496
<i>Below Minimum Service Level Percentage</i>	6.6%	7.7%	5.55%
Total (backlog)*	60,067	73460	52498
Total number of units	912,458	945910	945,910
* - Includes informal settlements			
Households - Water Service Delivery Levels below the minimum	Households	Households	Households
Description	Actual No	Actual No	Actual No
Formal Settlements	495,018	519435	519,435
Informal Settlements/Backyard Shacks/Rural	417,440	426475	426,475
Total households	912,458	945910	945,910
Households below minimum service level	60,067	73460	71,496
Proportion of Informal households below minimum service level	14.4%	17.22%	16.76%

Table 3.2.4 Water Service Policy Objectives taken from IDP

Objectives	Outline Service Targets	2010/2011	2011/2012	2012/2013
Indicators		Actual	Actual	
<i>Service Objective (2009/2010 Actual now records delivery which for the first time is based on the revised count of consumer units (totalling 912458 CUs) as conducted on the 2007 photography and now to be adopted by all service units as the total eThekwinI Customer Base)</i>				
Backlog	<i>The backlog of the number of consumer units provided with access to a free basic level of potable water either by means of an indiv. Hh yard supply (ground tank or metered flow limiter connected to a yard tap) or, for informal settlements, by a standpipe within 200m)</i>	60,067	73460	71,496
Delivery of free basic water	<i>The number of consumer units provided with access to free basic level of potable water either by means of an indiv. Hh yard supply (ground tank or metered flow limiter connected to a yard tap) or, for informal settlements, by a standpipe within 200m)</i>	255,880	347033	348,997
Free Services	<i>The total number of consumer units with a metered full or semi pressure water supply receiving free potable water (i.e. consumer units using 9kl or less of potable water per month)</i>	110,665	146549	168,277

The three largest water capital projects were:

Western Aqueduct

This aqueduct is vital to significantly increase the capacity of the bulk water supply to the western and northern areas of eThekwinI. Phase 1 was completed at a cost of some R 150 m.

Phase 2 from Inchanga to Ntuzuma Reservoir N5 has been unbundled into separate contracts in accordance with fiscal year budget allocations. Construction has commenced on the:

- Inchanga to Alverstone Nek steel pipeline section at a cost of R 120m, with estimated completion April 2015
- Alverstone Nek to Ashley Drive steel pipeline section at a cost of R 150m, with estimated completion March 2015.

The pipeline section from Ashley Drive to Ntuzuma (end) goes out to tender on Friday 23 August 2013 with construction scheduled to commence in January 2014 and completion March 2017. The Ashley Drive 20 ML break pressure reservoir goes out to tender on Friday 23 August 2013 with construction scheduled to commence in January 2014.

Northern Aqueduct

In order to provide the necessary capacity increase in the north, several phases of new construction, as well as augmentation of existing pipelines will be required. In addition, existing bottlenecks will be augmented as well as new pipelines to ultimately provide a full ring-main system in the north.

The first phase of the Northern Aqueduct project from Phoenix Reservoir 2 to Waterloo/Umhlanga/Blackburn Reservoir is to be awarded at the end of September 2013 at a cost of R 170 million with completion scheduled for April 2015. The second phase from Phoenix Reservoir 2 to Duffs Rd is currently undergoing an EIA process and subject to obtaining a Record of Decision by the end of September 2013, tenders will be prepared and an award anticipated February 2014.

Waterloss

This is an ongoing project aimed at reducing the real water losses in eThekweni. It carries a three year budget of R 170 million. Pressure management, replacement of aging infrastructure, leak detection and accurate metering are some of the methods being applied. There are no variations anticipated.

3.3 WASTE WATER (SANITATION) PROVISION

INTRODUCTION

EWS is not only responsible for the provision of drinking water but also for the collection and treatment of wastewater produced by the City. A vast infrastructure network of sewers, waste water pump stations and wastewater treatment works is employed to achieve this. EWS has also identified the need to provide services to the rural areas by providing environmentally friendly and innovative ways of sanitation disposal, as well as providing community ablution blocks within informal settlements. This ensures that all people from all walks of life have access to at least the basic level of service.

Table 3.3.1 Sanitation Service Delivery Levels			
Description	2010/2011	2011/2012	2012/2013
	Actual No	Actual No	Actual No
<u>Sanitation/sewerage:</u> (above minimum level)			
Flush toilet (connected to sewerage)	498,341	449,661	449,661
Flush toilet (with septic tank or package plant)	37,288	107,525	107,525
Urine Diversion (UD)	89,307	79,049	80,083
Pit toilet (ventilated)	40,000	35,000	35,000
Other toilet provisions (above minimum service level) (ablution blocks)	34,681	48,118	55,393
Total households above minimum level	702,611	719,353	727,662
Sanitation Backlog	209,847	226,557	218,248
*Total number of households including informal settlements	912,458	945,910	945,910
Percentage below minimum level	24%	23.95%	23.08%
Percentage above minimum level	76%	76.05%	76.92%

Table 3.3.2 Waste Water (Sanitation) Service Policy Objectives taken from IDP

Objectives	Outline Service Targets	2010/2011	2011/2012	2012/2013
Indicators		Actual	Actual	Actual
Service Objective (2009/2010 Actual now records delivery which for the first time is based on the revised count of consumer units (totalling 912458 CUs) as conducted on the 2007 survey and now to be adopted by all service units as the total eThekweni Customer Base)				
Delivery of free basic sanitation	The number of consumer units provided with access to free basic level of sanitation either by means of a UD toilet, an existing VIP or, for informal settlements, by a toilet/ablution block within 200m	166,982	162167	170,476
Backlog	The backlog of the number of consumer units with access to a FREE basic level of SANITATION by means of UD toilet, an existing VIP or, for informal settlements, by a toilet/ablution block within 200m	209847	226557	218,248
Free Services	The number of consumer units with access to a Municipal sewage disposal system receiving free sanitation (that is, consumer units with a metered, full or semi- pressure water supply using 9Kl or less of potable water per month)	Volume based sewage disposal charges introduced from 1 July 2010	Volume based sewage disposal charges introduced from 1 July 2010	149,776

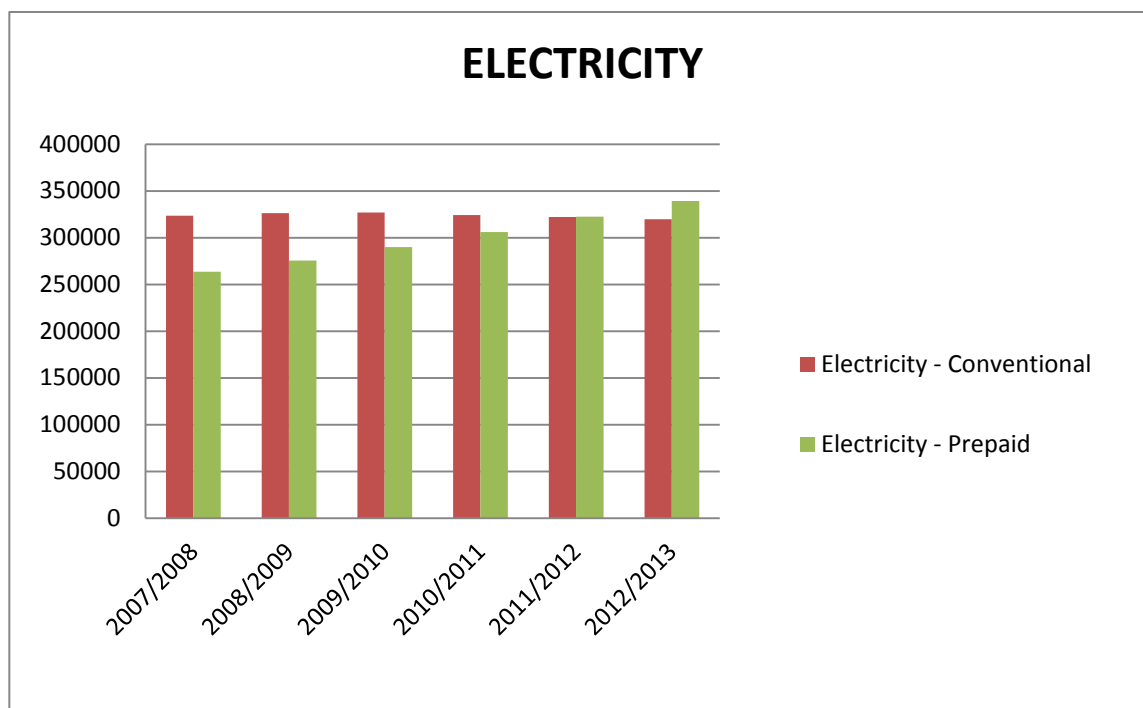
3.4 ELECTRICITY PROVISION

INTRODUCTION

As we conclude the 2012/2013 financial year, eThekweni Electricity is pleased to present the annual statistics of electricity service delivery provision. These figures clearly show our financial results for the year under review, and the accomplishments in pursuing the mission to provide quality energy services whilst maintaining sound business principles.

Total Use of Electricity by Sector	USE - MWh				Unaccountable Electricity losses
	Business	Street lighting	Industrial	Domestic	
2009/2010	2,614,548	41,853	4,669,853	3,625,500	5.20%
2010/2011	2,921,756	41,786	4,582,864	3,290,143	5.50%
2011/2012	2,723,356	86,222	4,666,663	2,495,936	5.80%
2012/2013	2,367,758	95,297	4,781,979	2,680,118	5.85%

	Consumption has been adjusted as a result of account estimations
	Re-adjusted as a result of onsite quantification of street lighting
	Consumption has been adjusted as a result of account estimations



Electricity Service Delivery Levels						
Households						
Description	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
	No. Actual	No. Actual	No. Actual	No. Actual	No. Actual	No. Actual
<u>Energy:</u>						
Electricity - Conventional	323389	326386	327002	324044	322045	319662
Electricity - Prepaid	263712	275670	289946	305977	322390	339327
Total number of households that have electricity	587101	602056	616948	630021	642252	653307

Households		
Description	2011/2012	2012/13
	Actual No.	Actual No.
Total households		
Total households	912458	945910
Households not receiving Electricity	270206	292603
Proportion of households without electricity	30%	31%

eThekwini Key Performance Indicators	Baseline 11/12	Annual target 12/13	5 Year target	Means of Verification	Measures taken to improve performance	Status as at 30 June 2013
The backlog of ELECTRICITY connections to consumer units (includes housing backlog and un-served rural consumer units)	301448	293448	278000	Actual Households connected captured in Ellipse	Housing delivery dependent	290393
The number of consumer units provided with new prepaid ELECTRICITY connections captured including housing and rural consumer units	12760	8000	40000	Actual connections recorded on Ellipse	Housing delivery dependent	9986
The number of consumer units provided with new conventional ELECTRICITY connections	1681	1000	5000	Actual Connections Captured in Ellipse	Housing delivery dependent	1069

Performance overall

Our loss figures are estimated to be in the region of 5.85 %, this lies well in the norm which ranges from 5.6 % to 12 %. These losses are attributed to technical and non-technical losses, for which mitigation programmes have been implemented to assess and reduce these losses. The 'Electrification of Rural and Informal Settlements' programme has been approved and will be commencing in 2013/14. This will hopefully result in an increase of new prepaid customer connections and a reduction in our non-technical losses.

In 2012/13, 11 055 households received new connections to the electricity grid. A trend that has been observed in the last few financial years, indicate consumers have chosen prepaid or conventional credit methods, to monitor and control their energy consumption.

Over 2012/13 the staffs compliment has increased to 2208 employees; this is due to our successful skills attraction and retention programs. EThekwini Electricity is always eager to service the customer base.

The National Energy Regulator of South Africa (NERSA) allowed Eskom an average tariff increase of 16 % for the year under review. In line with this, eThekwini Electricity was able to implement an average tariff increase of 11 %. Due to these increases, the annual increase for electricity purchases increased to R 6.2 billion and our income grew to R 9.4 billion leaving an approximate budget of R 3.2 billion to fund the operating expenses.

In summary, despite the many challenges faced by the Municipality, strategic leadership is the key success factor in steering the Unit in the provision of a reliable and effective energy service to its customers.

3.5 WASTE MANAGEMENT

INTRODUCTION

Cleansing and Solid Waste (CSW) had another eventful year comprising of both successes and challenges. One of the highlights was being the 1st runner up in the Greenest Municipality Competition, and winning prize money of R 3, 3 million. In addition, Durban was selected for the first time as the host city for the 2011/12 Greenest Municipality Awards Ceremony.

The short term objectives for the year have been achieved, and the Unit is well placed to achieve its long term objectives. CSW is once again proud to report an improvement in the provision of solid waste service delivery with the budget of R 89 million, for the year under review. This was achieved through stringent cost control, delays in appointing new contractors for the Hostels and new areas, and higher income was generated. Strong competition from private enterprise continues to challenge CSW's market share in the waste industry. Despite these challenges the Unit exceeded its budgeted income target by R 17 million, benefitting significantly from increased landfill revenue due to the closure of Wasteman's Bul Bul Road site. All current backlogs were cleared and 100% service delivery was achieved by the Unit.

Service delivery

A once-a-week refuse removal service is provided to 945 910 households, 524 582 being formal households and 421 328 informal. All backlogs were cleared based on the current analysis to previously non-serviced areas. New dwellings/informal settlements are continually identified and creates a moving target which will be addressed in the 2013/14 financial year. All major streets are cleaned on a daily basis and the central business district (CBD) streets are swept 3 times a day. High pressure washing of streets and pavements takes place at night particularly in all hot spots areas within the City. Freeways and national roads within EMA are cleaned with mechanical sweepers on a planned schedule. CSW has engaged 405 Community Based Contractors (previously 372) and 23 major contractors to provide domestic refuse collection and litter picking in their contracted areas. The annual total spend on the township contractors amounts to R 94 017 084 million, generating employment for 1 215 people within the community.

Table 3.5.1 Solid Waste Service Delivery Levels				
Description				Households
	2009/2010	2010/2011	2011/2012	2012/2013
	Actual No	Actual No	Actual No	Actual No
<u>Solid Waste Removal:</u> (Minimum level)				
Removed at least once a week	1 433 914	1 594 161	1 670 392	945 910
<u>Solid Waste Removal:</u> (Below minimum level)				
No rubbish disposal	Nil	Nil	Nil	Nil
Total number of households	1 433 914	1 594 161	1 670 392	945 910
Breakdown:				
Formal Settlements - households	903 562	907 174	945 910	524 582
Informal Settlements -households	530 352	686 987	724 482	421 328

The figures are based on the new audited scorecard outcome.

MAJOR CAPITAL PROJECTS

Major developments during the year include the Electron Road Transfer Station which is now planned to be commissioned in September 2013. The transfer station is built to receive 1200 tons of waste per day. Situated on Electron Road, Springfield, the site is 4ha in size comprising of an office block of four levels. The infrastructure also include, a 3 bay refuse transfer station, a compaction hall, container-handling operations, weighbridge infrastructure, mechanical equipment and plant. The waste will be compacted into large containers which will be long hauled to our Buffelsdraai landfill site in the North. The R140 million project has a remarkable waste management feature viz "The Husmann Compaction System"-imported from Germany. This compaction process will be used for the first time in South Africa.

The Lovu Landfill Site is planned to be commissioned towards the latter part of 2013. The site was constructed to accommodate the waste generated by both residents and businesses in the Southern Region. The site has a footprint of some 52 hectares with a buffer zone of some 190 hectares. The licence for this site will be strictly for the disposal of general waste only. The site is designed to accept some 400 tons/day. The cost of the site is R22m.

The comprehensive plan for the eminent closure of the Bisasar Road Landfill which will reach capacity in 2014 is well under way. This move will require an EIA & Closure licence to comply with legislation. This site will remain open for green waste and builder's rubble.

RECYCLING:

With the new Waste Act and emphasis on targets for waste disposal, CSW is committed to encouraging eco-friendly practices and promoting recycling and waste diversion. Coupled with educational programmes for the public, CSW initiated a number of recycling and waste minimisation initiatives to help conserve resources and safe guard the future of the city. These include Buy Back centres, Drop off centres, Business and Domestic recycling. A major success is the Domestic Orange Bag Project that is now provided to all formal households within the eThekweni region and is currently generating in excess of 1000 tons per month. This project has now been introduced to section AA and BB of Umlazi Township and approximately 1900 houses being serviced. The project has resulted in a reduction of the amount of waste to landfill and has also provided employment for 55 people and empowerment opportunities for 5 SMME's. The proposed inclusion of bottles and cans have been delayed as negotiations with other private companies are still continuing. Mondi can no longer support the entire project and we are finalising agreements with Nampak, Collect a Can, The Glass Recycling Company and Enviroserve.

In total CSW have 22 recycling centres that are strategically located, allowing easy access to the public. Approximately 7.9 % of all waste is being recycled. The two major achievements were the opening of the KwaMashu Buy – Back Centre and the establishment of the Hammarsdale Ecological Centre.

LANDFILL GAS PROJECT

This multi million rand project that is in its 8th year of operation was split into two components which have both been registered with the Clean Development Mechanism (CDM) executive board of the United Nations Framework Convention on Climate Change (UNFCCC) under registration numbers 0545 & 1921 respectively. Approximately 1 549 030 tons of carbon dioxide equivalent have been destroyed since the inception of the project. A total of 7.5 Mega Watts of electricity is generated; sufficient electricity to supply the needs of approximately 3750 medium income houses. An average of 420 MW/hr of electricity is generated at the Marriannhill site per month, which at Megaflex summer rates has saved Durban approximately R180 000 per

month on our Eskom Bill. This figure increases to R270 000 per month when Eskom's Megaflex winter rates are applied in June, July and August. The 6,5MW installed at Bisasar Rd generates an average of 3400MWhr per month which equates to approximately R1,5 million saving per month in Summer. If REFIT rates of 90c /kWh was to be allowed, this figure would increase to over R3 million per month. Due to the continued landfilling of waste and the increase of the gas yield at both Landfills additional extraction wells are being installed on a regular basis. To date, some 77 vertical wells and 130 horizontal and riser wells have been constructed on the projects. Feasibility investigations are being conducted to assess whether it will be viable to extend the project to the new landfills that the City has and will be commissioning.

HIGHLIGHTS & ACHIEVEMENTS

- CSW's participation in the Greenest Municipality Competition has made eThekweni Municipality proud as we were awarded the first runner up with the prize of R3.3 million. EThekweni Municipality being a third time winner of the competition DEA decided to host the event for the first time in Durban KZN. The event was held on the 28 June 2013 at the Mariannhill Landfill Site. Some of the high profile guests present were the Deputy Minister of Environmental Affairs, Rejoice Mabudafhasi, MEC from the Northern Cape and the Speaker Cllr Logie Naidoo. The event catered for 300 delegates from all over South Africa.
- In addition in November 2012 CSW was awarded Health and Safety Certificate on the exceptional manner in which the occupational health and safety was carried out at Electron Road Transfer Station. The certificate was awarded by Master Builders for contracts valued over R150m –R300m.
- In June 2013 CSW Engineering team won the City Stars Innovation Award for the Landfill Gas to Electricity Project.
- CSW's partnership with Radio Hindvani has benefited CSW tremendously. The department is continuing with the talk shows that are broadcasted from 8h15 to 8h30 on Mondays and Wednesdays. Thus far the department has completed 74 broadcasts from 1 July 2012 to 30 June 2013. The free coverage received equates to approximately R1.7 million. The value of each broadcast is approximately R1500 per minute equating to R22500 per session.
- KwaMashu Buy Back Centre Launch - The construction of the KwaMashu Buy Back Centre has been finally completed at a cost of R 5.0 million and was officially opened at a grand opening ceremony by the Deputy Minister of Environmental Affairs, Rejoice Mabudafhasi on the 28 June 2013. The entrepreneur has been appointed and we have engaged 100 litter pickers for a 4 month period as part of the project funding requirement. The implementing agent, Thekwini Geocivils have received approval for the Business Plans for a new Buy Back Centre at the Clermont Garden Site. Funding of R2.5m is available from previous CTC prize money.

SPECIAL EVENTS:

Managing Special Events within the municipality has taken on new proportions with a massive increase in the number of events/conventions staged within eThekweni area, forcing the unit to increase its capacity to successfully manage these events. Some of the major events were:

- CSW together with the Victor Daitz Foundation officially launched the Ecological Centre on 22 August 2012. The Eco centre will create a venue for the learners and educators from the surrounding schools and community to learn about the environment. It provides key applications and resources for educators integrating the environment into a Curriculum, assisting educators to develop activities and lesson plans in the relevant learning areas. There are five main theme rooms covering the environmental awareness areas of water, biodiversity (Parks), waste, health and energy (electricity). The educational content of the rooms has been developed so as to correlate to and support the National Curriculum Statements of the Department of Education; enabling educators to utilise the centre to complement classroom learning areas
- Greenest Municipality Competition – Visit by adjudication panel
A panel set by the Department of Environmental Affairs visited eThekweni Municipality on the 11 December 2012. A two day programme was held which involved presentations by CSW, Sustainable Development & City Engineers: Development Planning & Environment Management, Energy Efficiency, Water Department, Parks Department and Corporate Policy Unit on the first day. The second day of the programme was allocated for tours. The presentation was a success as CSW came out second winning over R3 million for the city. Given our frequent success in winning the competition the DEA has requested us not to participate in the competition.
- Clean up Blitz: The project was launched by the Mayor on 2 May 2013. The areas that are tackled are collectively identified through various mechanisms including observations, walk about and reporting by members of the public. Once an area has been identified, the task team visits the area and identifies issues to be dealt with. The cleaning and maintenance campaign takes place every Thursdays and Fridays. The Units/Departments tackles different aspects of their respective functions within the identified area in an integrated manner. These will range from planning related issues to waste management, to potholes, to lights, buildings and illegal dumping. The objective of the campaign is about cleaning and maintaining our city in an integrated manner.
- SA Clean Up Week: During National SA Clean Up Month 2012, 62 major projects were undertaken within the different districts/wards. A very important trend is being noted, less emphasis is being spent on Clean Up Campaigns and more projects are geared towards awareness creation. 49 projects that have been implemented have been raising awareness, while only 13 projects were involved in Clean Up Campaigns. There were 49646 volunteers that participated in the programme and 8381 bags collected.
- The Association of Clean Community Trust together with the CSW hosted its Annual General Meeting and Awards Ceremony on the 28 June 2013. CSW being a major sponsor of the Trust recognized stakeholders for their continued support and contribution towards a healthy environment. Businesses, individuals, community organisations and educational institutions were recognised and awarded for their good work.

TRAINING:

CSW offers various training programmes to government departments both locally and internationally. The training focuses on all aspects of waste management involving management of landfills, operations, consulting with customers, education and waste minimisation, as well as administration. Training was provided to Ekurhuleni Metropolitan Municipality and Pick It Up.

CSW together with The eThekweni Municipality's Municipal Institute of Learning (MILE) partnered to host a three day training Master Class on Solid Waste Management. The department hosted over 70 delegates from various

African countries namely: KwaDukuza Municipality, Zululand District Municipality, Mkhanyakude District Municipality, Nampula City Council and Conselho Municipal da Cidade de Inhambane.

The Wellness programme has gained momentum rapidly with various initiatives taken place during the year for all staff. The wellness programme allowed for free Voluntary HIV & Aids testing and counselling, BP & diabetes testing, eye testing. In addition to the wellness days, CSW hosted a team building exercise for all staff on the Batho Pele Siyadlala Day which took place in Newlands Community Hall where cultural concert was held.

EDUCATIONAL PROGRAMMES

Some of the major highlights on the Education & Waste Minimisation sector include:

- Educational workshops and training programmes which were held for various institutions during the year. One of the major projects was the South Schools Beautification Programme. 18 schools from Umnini, Lovu, KwaMakhutha, Umbumbulu, Adams Mission, Ezimbokodeweni and Folweni areas entered the annual programme. The project was aimed at assisting the schools to achieve and maintain a clean, healthy and beautiful environment. All participating schools were visited by the panel of judges 3 times a year and were evaluated. In November 2012 a prize giving was held at Zuzumqhele High School where all participating schools were awarded for their efforts. The schools received garden tools, kitchen equipment, flowers and compost to the value of R15000.
- The landfill site tours programme has been running for 9 years and is a great success. During the period of review 44 landfill site tours were conducted with 2342 learners and adults having visited the Mariannhill Landfill conservancy site. During May- June 2012, 3 special tours were conducted with children on wheel-chairs for the first time. The Open Air School based in Glenwood brought 3 different groups of learners with varying disabilities.
- Madiba Day - In honor of Madiba, assistance was provided to the KwaNyuswa Home that serves as a crèche to 62 children, an orphanage to 8 children and residence to the Dlamini family. The objective was to uplift the home so that it is conducive to quality of teaching, learning, living and playing for the formative years of children. Staff set a minimum financial contribution payable by each staff member. In addition to this, staff contributed a bed & mattress, clothes, shoes, toys, food, blankets and education material.

Strategic & New Developments

Statistics 2012/2013

Numbers of Trade Customers	15 549
Numbers of Industrial customers	936
Number of landfill Customers	17 131
Number of garden Customers	4917
Number of Blue Bags sold	143 649

Number of Orange Bags distributed	824 430
Total Value of income	R232m
Number of Community Based Contractors	405
Number of Major Contractors	23
Number of Staff employed	2018
Number contractor of training sessions conducted	1
Total Value of Contracts	R172.4m
Number of Formal households serviced	524 582
Number of informal households serviced	421 328
Number of Municipalities (Solid Waste Master Class)	1
Number and nature of awards received	2
Number of staff attended WSP Training	838
Number of Staff Awarded Assisted education training	58
Total Cost of Staff Training	R167 550
Total % of Recycled waste	7.9%
Number of schools programmes	1648
Number of education programmes	121420
Number of clean up campaigns	540
Total volumes of waste landfilled	1, 466, 037 tons
Number of volunteers /community members attended	49646
Number of waste types de classified	9 with 15 awaiting confirmation

3.6 HOUSING

INTRODUCTION

The top priorities in this programme are the upgrading/relocation of informal settlements, the transfer of rental stock, the conversions of hostels to Community Residential Units, and the promotion of housing in restructuring zones/mixed use income areas.

The upgrading and development of informal settlements is a major component of this programme, and informal settlements are in most instances being upgraded in-situ to avoid the social dislocation which occurs when these settlements are uprooted and relocated in more distant locales. The objective is to upgrade informal settlements where they are currently located and to achieve this, higher density housing options are being implemented¹ so as to minimise disruption to communities, to improve overall urban efficiencies, and to enhance livelihoods.

Certain settlements, however, find themselves in hazardous areas such as flood plains and in areas of unstable geology, and in these instances relocations are necessary. This is dependent on land acquisition which has to go through a statutory process which may result in time delays.

The housing programme provides an opportunity for associated services such as water, electricity, road access, storm water control, sanitation, social facility access, and road naming to be delivered in an integrated manner. All housing projects are assessed at the feasibility stage to ascertain and ensure planning is in line with the City's Spatial Development Plan (SDP). Further, detailed planning is undertaken for the purposes of packaging and planning projects for implementation.

With a view to improving Human Settlements which are implemented using the Human Settlements Development Grant (HSDG), Council is implementing improved and innovative ways of providing housing that is better suited to the needs of inhabitants. Innovative new housing forms and urban design solutions are being implemented with the objectives of promoting densification, social cohesion, and a more sustainable urban form. In terms of the eThekweni Built Environment Performance Plan and the Housing Sector Plan, the cost of addressing the backlog (currently estimated to be approximately 404,000) in housing is in the order of R 54 billion. At current delivery and funding levels, this backlog will still not be eradicated by the year 2050.

Approximately a third of the Municipality's total population of approximately 3.5 million reside in informal settlements. Whilst the Municipality can pride itself on a successful and large scale mass housing delivery programme, not all settlements can be provided with full services and low income housing in the short term due to funding, bulk services availability, and other constraints. Informal settlements face a range of basic challenges such as access to adequate sanitation, clean and safe energy, and roads. Recurrent shack fires are also an important risk.

As a result, a pro-active and broad based programme aimed at providing a range of basic interim services to a number of prioritized informal settlements within the Municipality has been developed with a view to addressing these basic health and safety issues. The prioritized informal settlements are those which are in the Municipality's Housing Plan but which cannot be provided with full services and housing in the short term. The interim services programme will provide a mix of the basic interim services which include standpipes, communal ablution blocks, a basic road network and footpaths with associated storm water controls, electricity connections, refuse removal, and interventions for fire prevention.

The intention is to deliver rapidly to as many settlements as possible, instead of providing a high level of service to only a small number of selected settlements. It is hoped that this programme can be rolled out fairly rapidly over a period of approximately five years, but this is subject to the availability of sufficient funding and enabling policies.

¹ Infrastructure provision occupies space, which by implication means less space for housing. If densities do not increase to offset this loss of space, then there is a need to re-locate some families to other housing projects.

The Interim Services programme also looks at broader planning issues with the intention of ensuring key social facilities such as fire and police stations, clinics, schools, sport fields and community halls are more effectively provided. In addition, a sustainable livelihoods programme has been developed where a process of participative livelihoods engagement is being planned. The sustainable livelihoods approach strives to build stronger community responsibility and 'self-help' as well as to facilitate a better relationship between the urban poor and the Municipality.

The Municipality is providing additional funds to ensure the sustainable supply of services, for e.g. the subsidy only provides for gravel roads, VIPs, and stand pipes and the Municipality provides the additional capital for tar roads, water borne sanitation, and water inside the house. The top three priorities are the upgrading/relocation of informal settlements, the transfer of rental stock, and the promotion of housing in restructuring zones/mixed use, income areas.

Limited housing subsidies, increasing development costs, the lack of densification subsidies, as well as long processes of project and contract approval are causing the programme to slow down in comparison to previous years (see chart and table below). Finalization of Level 2 full housing accreditation to the municipality and appropriate compensation for the function in approaching Executive Assignment would help to alleviate the current situation.

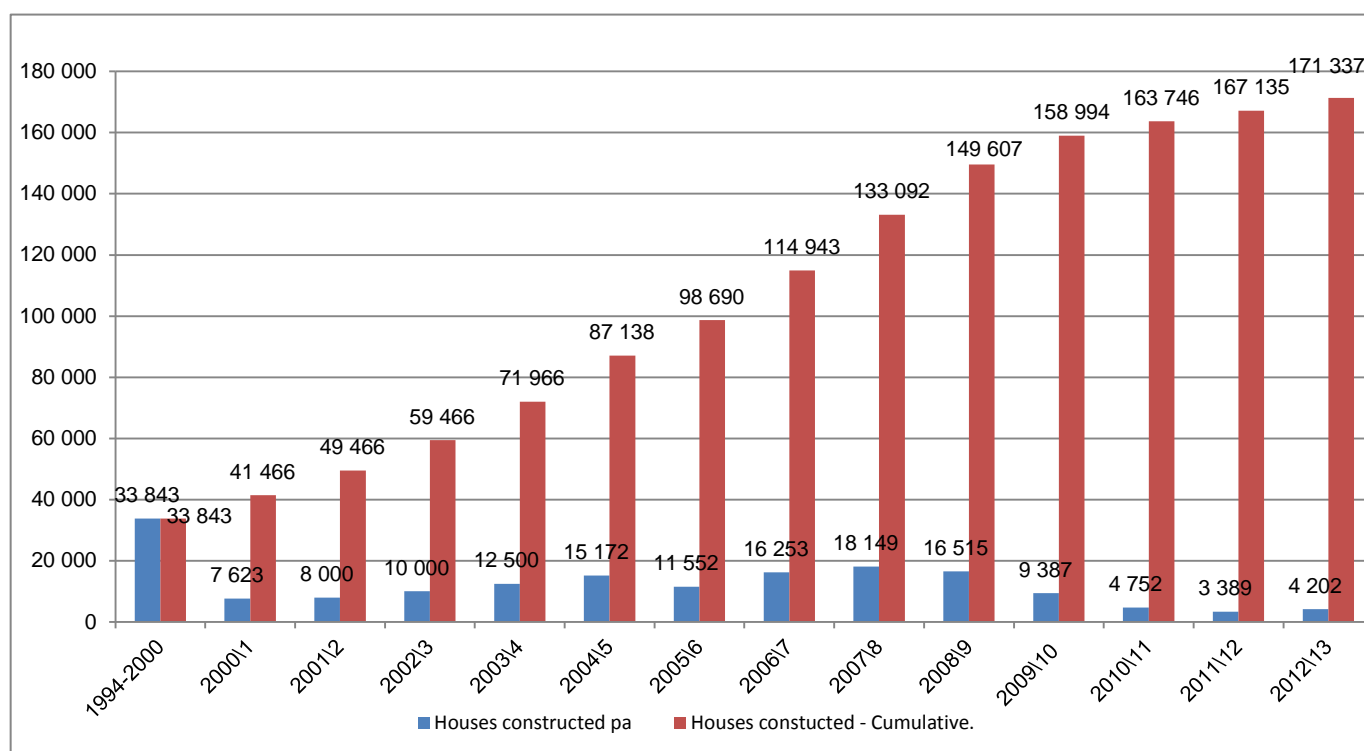


Figure1: Houses constructed 1994-2012/13

Table 3.6.1: Targets and Delivery 2010/11 to 2013/14

		Table 3.6.1 Targets and Delivery 2010/11 to 2013/14						
Indicators	Service Targets	2010/2011		2011/2012		2012/2013		2013/14
		Target	Actual	Target	Actual	Target	Actual	Target
Housing Delivery (Units)	New houses constructed	8,500	4,884	5,000	3,512	7,200	4181	7,200
Housing – backlog. (Based on 2007 dwelling count until 2011, thereafter 2011 dwelling count used. No growth rate factored in.)		355,993	359,609	408,271	408 394	401 194	404 213	401,194
Sale of Rental Stock		1,000	1,601	600	461	700	558	600
New Family Units		50	80	50	69	75	104	100

The municipality faces a number of challenges in addition to those mentioned above; these are summarized in the table below.

Challenges	Plans to Overcome Challenges
Limited available, developable land and adverse geo-technical and to pographical conditions, e.g. steep land, and unstable soils.	KZN DoHS has requested an increase in the subsidy to National DoHS to address these challenges.
Socio-political and community issues, e.g. vested interests and NIMBY	Develop more partnerships with communities
EIA, planning approvals and SCM processes are time consuming	Procurement schedule linked to budgets, and pipeline of projects for MTMTEF
Need to increase project management capacity	Discussions with Province for funding and transfer of staff

There is a need for the Municipality to provide some rental accommodation through Social Housing Institutions (SHIs) to cater for low income residents who cannot afford market-related rentals. However, the Municipality has certain rental stock which, simply stated, to create a liability to the Municipality. In order to reduce the financial burden of administering this housing, much of it is being transferred to current occupants utilising the Enhanced Extended Discount Benefit Scheme. A further objective of this transfer of stock is to create security of tenure for long standing tenants. Prior to transfer, the units are upgraded and provided with individual water and electricity meters where necessary. In 2012/13 560 rental units were transferred to tenants.

A number of hostels have undergone substantial maintenance and rehabilitation work with a view to making them more suited to the needs of occupants. The hostels, historically, catered for single male labourers and currently need to serve the needs of families, therefore conversion to family units is taking place, with 75 family units being constructed in 2012/13. With these upgrades comes the need for the introduction of market related rentals. In this regard, rentals are reviewed annually at all hostels. It has been a challenge to maintain a consistent rent collection within the hostels due to socio-political dynamics that exist.

Social Housing refers to a rental housing option for low to moderate income persons at a scale and built-form that requires institutional management by Social Housing Associations. This is provided by social housing institutions in partnership with the Municipality. Priority is given to projects in designated restructuring zones and strategically located mixed-use areas. Affordable housing is provided by private developers on land that the Municipality makes available to meet the objectives of providing housing for those who can access a housing loan. Social and affordable housing are effective in accomplishing the Municipality's housing objectives of spatial restructuring and economic generation and will contribute to economic empowerment, non-racialism and physical and social integration, with 239 units being constructed in 2012/13.

Cornubia is an example of the promotion of integrated Human Settlements. It is the largest phased mega-infrastructure greenfields project in the Province and is a National Priority Project that is Cabinet endorsed. It is extremely well located and will provide a range of housing opportunities targeted across various income brackets and will cater for low income, affordable housing, social housing, community residential units, and high income market which will be developed by the private sector. Thousands of construction jobs are being created, and thousands of permanent jobs will be created in the industrial and commercial zones.

Economic opportunities are being provided by the private sector, and 80 ha of light industry is nearing completion and occupation. The industrial zone is in close proximity to the residential areas and within walking distances to Phase 1 of the project. The commercial zone will provide the residents with their shopping needs in the form of small scale shopping malls and other retail outlets.

The resident's social needs have been extensively interrogated and schools, clinics, police stations, community halls, and sports fields have been planned in a manner that the facilities are clustered and shared between uses. Public transport is prioritised and an Integrated Rapid Transport Network (IRPTN) route is planned to traverse the site and to integrate the surrounding communities.

In 2012/13 the Cornubia Project received the KZN Govan Mbeki Human Settlements Award for being the Best Priority Project, while eThekweni received the National Govan Mbeki Human Settlement wards as the Best Accredited Metropolitan Municipality.

Figure 2: Cornubia Project





3.7 ROADS

INTRODUCTION

The road network represents a major investment that has been built progressively over a period of time. It is a highly visible asset that supports the local economy from a functional perspective in terms of both mobility and access. It is by far the single most valuable asset that the council owns with a replacement value in excess of R50 billion.

Routine maintenance

Routine maintenance is defined as the day-to-day operational activities to keep the asset operating.

It may consist of planned maintenance activities but is generally reactive work of a corrective nature that is carried out in response to reported problems or defects (e.g. potholes). Such work is undertaken for the purpose of restoring service as well as for mitigating the adverse effect of failure over time.

Most of the work undertaken by the department is undertaken in response to reported problems but a number of fixed interval initiatives have been implemented for the purpose of ensuring the reliability of certain infrastructure.

Rehabilitation (Preventative Maintenance)

Through its Pavement Management System the surfaced network undergoes a detailed inspection every two years, the data from which generates the rehabilitation programme. The inspection done in 2011 informs the rehabilitation programme for the 2012/13 and 2013/14 financial years.

The rehabilitation can range from seals to full reconstruction depending upon the condition of the particular road. Extensive use is made of recycling the old road pavement material where this is milled out. The Municipality has been at the forefront nationally in promoting new technologies including Warm Mix Asphalt (with less emissions and considerable energy and safety advantages) and High Modulus Asphalt.

The Municipality was awarded the South African Bitumen Association's Annual Award in recognition of its contribution in driving and implementing these new technologies.

Erratic supply of bitumen continued to be a problem over the past year which did have some impact on the delivery of the programme. Inclement weather from September to December 2012 also had a material impact on the programme.

New and Upgraded Roads

Work ranges from provision of sidewalks, upgrading gravel to surfaced roads, through to freeway/arterial road projects. Implementation of major roads projects are informed through the Transport Authority's Integrated Transport Plan.

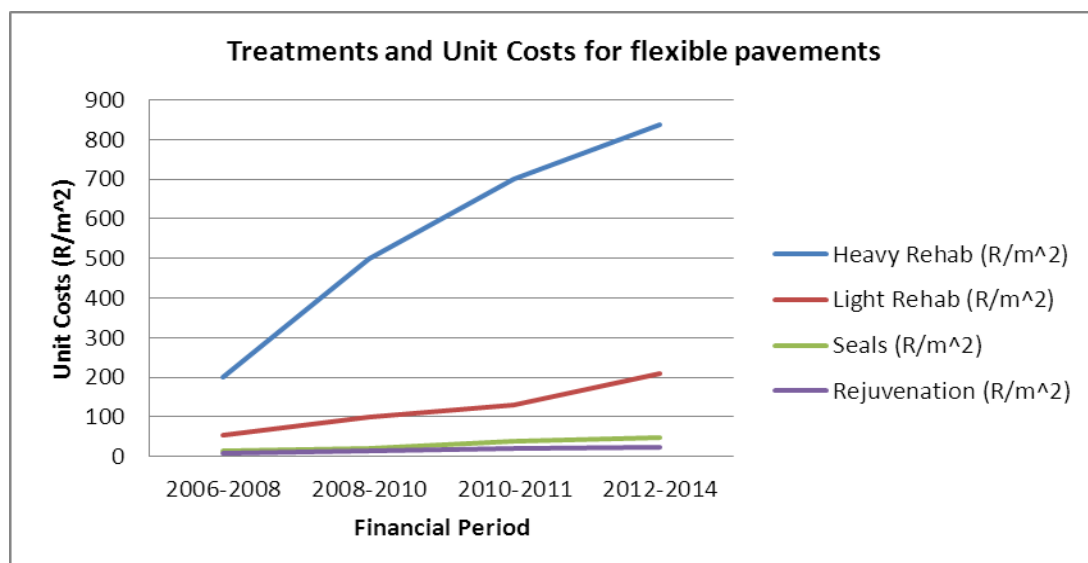
Gravel Road Infrastructure in kilometres

	Total gravel roads	Gravel roads upgraded to surfaced	Gravel roads graded/maintained
2009/2010	1378	26.68	1352
2010/2011	1352	7.5	1345
2011/2012	1345	12.3	1333
2012/2013	1333	7.1	1325

Surfaced Road Infrastructure

	Total surfaced roads	New surfaced roads	Existing surfaced roads re-surfaced	Kilometres Surfaced roads maintained
2009/2010	5829	39 LANE KM	341,5 LANE KM	5829/KM
2010/2011	5829	9.6 LANE KM	515.1 LANE KM	5829 KM
2011/2012	6252	9.3 LANE KM	273.8 LANE KM	6252 KM
2012/2013	6761	11.5 LANE KM	334 LANE KM	6761KM

Road Rehabilitation costs



Road Service Policy Objectives taken from IDP					
Service Objectives	Outline Service Targets	2011/2012		2012/2013	
Service Indicators		Target	Actual	Target	Actual
Development of municipal roads as required	Upgrading of un-surfaced roads to Surfaced	12.3 km	12.7 km	2.3 km	7.1 km

Looking Ahead

The current road rehabilitation budget allocation was sufficient to keep the overall condition of the Municipality's surfaced road network at the 'good' level. (VCI is currently 77). Although the increasing use of recycled materials should help to contain costs, the challenge to keep the budget allocation in line with the rising costs of road rehabilitation remains. The erratic supply of bitumen continues to be a problem and if the industry is forced to import bitumen on a regular basis then prices are likely to steepen.

The limited funding to address the upgrade of the formal un-surfaced network (1352 km) to a surfaced standard means it is going to take a considerable period of time (80+ years) at the current funding levels.

The Zibambele Programme

In this programme contractors carry out low intensity maintenance on both gravel and black top roads. The beneficiaries are expected to clear the road verges of vegetation and litter, keep the sidewalks, drains and road surfaces clear of silt and debris, and keep the grass short on the road verges. The contractors are issued tools such as wheelbarrow, hoes brooms, rakes, slashes, safety equipment such as reflective vests, gloves and traffic cones. The contracts are aimed at stabilizing destitute families. As the majority of the heads of these families are women it is by default gender affirmative.

The creation of work opportunities on the eThekweni Municipalities road network maintain the general condition of the network and help break the poverty cycle of the eThekweni Municipality's most needy inhabitants. The Zibambele Programme, which draws on the most destitute citizens in the city, has become an integral part of the Department's operations. There are at present about 6000 beneficiaries deployed and managed by eThekweni Municipality.

This poverty alleviation programme was conceived from the early 1990's by the KwaZulu Natal Department of Transport (DOT). The Zibambele road maintenance concept preceded the government's Expanded Public Works Programme (EPWP). The EPWP is also a short-to medium-term programme aimed at alleviating poverty and reducing unemployment.

The programme assists economically vulnerable people on an ongoing basis, thus allowing them to plan their future regarding food, clothing and education. Normal construction projects have a limited life span and are unable to offer this level of support and sustainability.

A fifth of the Zibambele contractors did not have valid identity documents and the majority did not have bank accounts. Contractors were assisted to deal with these issues. In addition 15% of Zibambele contractors were not accessing the social grants they were entitled to. A simple means test was applied to ensure that after receiving all their entitlements, the beneficiaries still qualified to be part of the programme.

In 2008, and 2012 the programme was highly commended for the most outstanding civil engineering achievement in the community based category.

To date, the eThekweni Zibambele programme has been a huge success. By augmenting its internal capacity with community-based structures, the eThekweni Municipal Authority (EMA) has been able to gain an operational advantage and also help achieve one of the key objectives of its transformation plan, which is to enable more citizens to enjoy an improved quality of life, now and in the future.

3.8 ETHEKWINI TRANSPORT AUTHORITY (ETA)

INTRODUCTION

The Transport Authority continued to fulfil its statutory obligations in terms of the National Land Transport Act (NLTA), and the main focus this Financial Year has been the acceleration of the Integrated Rapid Public Transport Network (IRPTN) to ensure that the Preliminary Design of Phase (1) of the system is completed, and the detailed design is undertaken to ensure that construction commences as programmed. Focus has not shifted from the development of the comprehensive action plans emanating from the Integrated Transport Strategy, specifically Non-Motorised Transport, Public Transport, Freight and Logistics, Road Safety and Travel Demand Management measures.

The three Departments within the ETA are the Roads Systems Management, Public Transport and Strategic Transport Planning.

ROADS SYSTEMS MANAGEMENT:

The Road Systems Management Department is made up of three (3) Branches namely; Traffic Operations, Urban Traffic Control and Traffic Engineering. The three Branches are critical in the successful operation of the Road Systems.

TRAFFIC OPERATIONS:

This Branch over and above its normal day to day functions has to fit into its substantial work load the Management and support of the Traffic and infrastructure delivery for major events in the City. In 2012/13 Financial Year, the Branch had to develop a transport plan in support of the International Golf tournament held at the Durban Country Club. The branch was also heavily involved in the planning and implementing the Traffic Management plan and the temporary infrastructure for the Top Gear Festival that was held in June 2013. The Branch continued to develop a Traffic Signs Management System (SLIGNS) as it responds to the growing need for appropriate Signage Management across the City.

URBAN TRAFFIC CONTROL

The core responsibility of the Urban Traffic Control Branch remains the Management of Traffic and the installation and maintenance of traffic signals within eThekweni Municipal Area. In order to assist reduce response and repair times to Traffic Signal Faults, additional staff have been appointed. Traffic Signal vandalism remains the single greatest cause of faulty Traffic Signals. The Branch is in the process of procuring vandal resistant cover plates to help reduce incidents of vandalism. In the 2012/13 Financial Year, twelve new signals were installed at various intersections. A major project the Branch is also undertaking is to replace old copper cables (used for communication with the CBD Traffic Signals) with more reliable fibre communications. This project is due to be completed in the latter half of 2014

PUBLIC TRANSPORT DEPARTMENT

PUBLIC TRANSPORT SERVICES

The Main responsibility of this Branch is to ensure that Public Transport Services are not interrupted and that the commuter receives the best service at all times. The branch ensures that commuter complaints are dealt with swiftly to the satisfaction of the commuters. The People Mover and the Durban Transport Operations are monitored by the branch.

PEOPLE MOVER

People Mover bus service continues to render a high quality, convenient and safe Inner City Bus Service on the 3 routes, namely: the City Liner, Beach Liner and Circle Liner.

The service continues to receive many accolades from various users including tourists and City visitors. The People Mover Bus Service continued to provide huge support and patronage to the thousands of visitors to the major National and International events such as AFCON 2013 and many other huge events that the City hosts on a regular basis with huge success.

DURBAN TRANSPORT

Durban Transport Bus service continues to play a critical role as one of the key modes of transport that keeps the City on the move. In the 2012/13 Financial Year, Durban Transport provided approximately 40 000 passenger trips per month and transported approximately 2 million passengers a month. The financial year 2012/13 has been a very difficult year for the bus industry and the public transport sector as a whole due to sustained fuel hikes, labour costs increases which have also resulted to high operating expenses. The subsidy allocation from National and Provincial Departments of Transport has not been increasing in line with operating cost, resulting to a situation where the funding shortfall and City contribution to escalate. The escalating costs continues to be a huge inhibiting factor to the City's ability to expand public transport coverage to areas that still have a need for it.

Major improvements on the City's 4 bus depots have been almost fully completed, resulting in better working environment and conditions for the staff. Bus washing facilities with water recycling equipment to comply with the City's water conservation principles were constructed and are fully operational, resulting in huge saving in water use.

The City Council is still in the process of investigating and deliberating on the appropriate institutional structure under which Durban Transport Bus services will be operated in the future. A Municipal Systems Act Section 78 investigation has been completed. This investigation, together with other relevant legislation including the National Land Transport Act, Act No. 5 of 2009, will be used to determine the way forward.

INTEGRATED FARE MANAGEMENT AND IMPLEMENTATION OF MUVO SMARTCARD

The Muvo card was officially launched in July 2013. The card has been rolled out to all regions of the City. The utilisation of the Muvo card is on the gradual increase given the fact that coupons and cash are still being used to pay for fares on the buses. Coupons will be discontinued in the near future as soon as the City has put in place the necessary capacity to fully service Muvo sales across all the regions. By 31 July 2013, just over 20 000 cards have been issued to commuters with 6 731 transactions per day being used on the buses. The Muvo card will become the future in terms of how commuters pay their fares on the public transport system, resulting in secure, user-friendly and quick way for passengers to pay and board buses, making their travel simpler and quicker at the same time allowing them to budget more easily for their travel.

STRATEGIC TRANSPORT PLANNING DEPARTMENT

TRANSPORT PLANNING BRANCH

INTEGRATED FREIGHT AND LOGISTICS STRATEGIC FRAMEWORK

The aim of the 'Integrated Freight and Logistics Strategic Framework and Action Plan is to: build on Freight Plans already developed by eThekweni Municipality, Transnet & Dube Tradeport; develop a set of interventions that will essentially address Freight & Logistics Infrastructure & Operations within the Municipal Area; minimize logistics costs; & enhance the Cities industrial competitiveness by taking advantage of Freight & Logistics Infrastructure & Operators located in the Municipal Area.

The Project Plan is to firstly conduct a thorough and comprehensive status quo analysis of Freight and Logistics Operations and trends in the Municipal Area (across all modes), followed by developing a 20 year strategic framework for Freight interventions, and finally taking this strategic framework into an implementable action plan. Interventions will take cognizance of infrastructural interventions, operational interventions, enforcement and regulatory interventions, and finally ICT and communication network interventions.

The project is scheduled to be completed in January 2014; the table below lists the various deliverable reports (with dates) that will be used to determine the project progress:

Task	Deliverable Report	Date	Project Progress
1	Status quo analysis	31 March 2013	30%
2	Scenario building and traffic modeling	31 July 2013	60%
3	Assessment of dedicated freight route and intermodal hub		
4	Strategic framework	30 August 2013	70%
5	Project prioritization matrix	27 September 2013	75%
6	Integrated freight and logistics plan	15 November 2013	90%
7	Project close out	13 December 2013	100%

NON-MOTORISED TRANSPORT (NMT)

As part of the deliverables for the World Cup 2010, the strategy for Non-Motorised Transport (NMT) in partnership with the greening Durban 2010 programme and targeted delivery using three strategies around a theme of "Connecting", green walk-cycle circuit, walk-all-the way system (Walking Durban) and connect to Rail, the Unit continued with the construction of the pedestrian and cycling facilities through the Road Systems Management Department.

Municipal Bus Services Data Standard Buses					
	DETAILS	2009/2010	2010/2011	2011/2012	2012/2013
		Actual	Actual	Actual	Actual
1	Passenger Journeys	10 480 157	23 862 068	23 055 288	22 314 451
2	Seats available for all Journeys	16 289 220	29 011 440	29 276 220	29 233 500
3	Average unused Bus Capacity for all Journeys	36%	18%	21%	24%
4	Size of bus fleet at year end	495	487	487	487
5	Average no of buses of the road at any one time	30	25	20	15
6	Proportion of the fleet off the road at any one time	6%	5%	4%	3%
7	No of bus journey scheduled	271 487	483 524	487 937	487 225
8	No of bus journeys cancelled	4 360	16 400	13 247	13 802
9	Proportion of journeys cancelled	2%	3%	3%	3%

MUNICIPAL BUS SERVICES DATA MYNAH BUSES					
	DETAILS	2009/2010	2010'/2011	2011'/2012	2012/2013
		Actual	Actual	Actual	Actual
1	Passenger Journeys	1 061 736	1431602	1 787 423	1 781 255
2	Seats available for all Journeys	1181760	1631860	1964184	1943187
3	Average unused Bus Capacity for all Journeys	10%	12%	9%	8%
4	Size of bus fleet at year end	21	21	21	21
5	Average no of buses of the road at any one time	0	0	0	0
6	Proportion of the fleet of the road at any one time	0%	0%	0%	0%
7	No of bus journey scheduled	59 088	81593	81 841	80 966
8	No of bus journeys cancelled	551	3101	1480	1 675
9	Proportion of journeys cancelled	1%	4%	2%	2%

3.9 STORMWATER DRAINAGE

INTRODUCTION

The primary aim of the department is the effective management of stormwater and coastal infrastructure.

The Department is focused on ensuring improvement of all stormwater systems to the same level of service for all citizens within the eThekweni borders, ensuring a coastline which is properly managed and maintained and ensuring that the flood risks to houses, industrial and commercial properties are managed.

Successes and Challenges

Stormwater: eThekweni has experienced a number of significant floods in recent years and many unplanned emergency projects were undertaken during this financial year. Major projects in Central Durban, Inanda, Kwa Mashu, Ntuzuma, Glenwood, Sydenham, Amanzimtoti and Umlazi were completed. A major focus was job creation and all projects maximised labour intensive construction methods where it was deemed feasible. The department produced 465 FTE's (full time equivalents) for this year.

A program is in place to find and identify the unknown stormwater network within eThekweni. Phase 2 of the Asset Management Plan has been completed whereby a large amount of stormwater infrastructure has been found, analysed and mapped. These are being checked for condition and capacity. This exercise will dictate the future capital budget requirements.

Severe Erosion due To Storm Event – Amanzimtoti



Coastal: The new booster pump station and associated facilities that forms an integral part of the Sand Pump Scheme was commissioned in March 2013. This was originally demolished in 2009 as a result of the Harbour Widening Project and had to be relocated.

The guide for the use of the Off Road Vehicles was compiled by this department on behalf of National DAEA. In response to the Integrated Coastal Management Act, the department has identified and collated on a GIS database approximately 500 beach accesses (including boat launching, vehicle accesses as well as informal and formal pedestrian accesses). We are now in the process of assessing and rationalizing these accesses as required by the Act.

A pilot website has been set up containing coastal data such as wave, wind, atmospheric pressure and tide readings. This data is real time derived from off shore measuring equipment that has been procured by this department which are located off the eThekweni coastline.

In addition to the above, rehabilitation work is being undertaken to infrastructure that was damaged in the recent coastal storms.



B0 – Booster Station

Wave Rider Deployed Offshore Durban



Severe Coastal Erosion due To Storm Event



Coastal Protection / Sand Replenishment – Durban Beachfront

Catchment Management: Flood lines have been developed for almost all the rivers within eThekweni. A large amount of erosion protection has been installed where properties and infrastructure were being threatened and this work has been done using labour intensive methods where feasible. As part of the Council's Municipal Adaption Plan, we are in the process of recalculating the flood lines using the predicted impacts of climate change. We are also in the process of developing master drainage plans for the rivers and these are to inform the process of identifying mitigation measures for new and existing developments within the catchment areas. The Catchment Management section is also involved with educating the community, including schools on the role of the wetlands and flood plains in maintaining water quality and flood levels. In addition to this, the department is also involved in river clean up campaigns.



School Initiatives – Importance of Effective Catchment Management



River Clean- up campaign – Umgeni River

River Clean- up campaign – Umgeni River

Stormwater Infrastructure Installed by Department (Kilometers)		
	Total stormwater measures	Total measures maintained
2009/2010	3394.764	3394.764
2010/2011	4316.119	4316.119
2011/2012	3738.078	3738.078
2012/2013	3529.481	3529.481

The above is the length extracted from our GIS database and reflects the known assets which have been captured as part of the Asset Management Programme. The reason for the drop in length from the previous year is that we found that a catchment area data had been duplicated in the totalling of the lengths the previous years. The above figures refer to the infrastructure that has been installed by the stormwater department only and do not include stormwater infrastructure that has been installed by roads or housing. The details of these installations are only made available in the ensuing years after construction.

Number of properties below the eThekweni defined service level							
Outline Service Targets	2010/2011		2011/2012		2012/2013		2013/2014
	Target	Actual	Target	Actual	Target	Actual	Estimated target
The number of properties below the eThekweni defined level of service provided with STORM WATER solutions per annum.	218	1048	220	999	400	606	220

The asset management program which has been ongoing for the last six years is beginning to provide the benefits in the form of identifying system deficiencies, providing accurate records which mean faster response times, a cleaner system which means fewer blockages and therefore less damage to property. The program also establishes the condition of the system and the expected remaining life which is crucial for planning budget requirements.

The integrated approach of the department and the use of computer modelling techniques have resulted in more holistic solutions being found and implemented.

The additional work has resulted in the targets for the department being well exceeded because of the increase in budget provision (approx. R50 million) for the emergency work.

3.10 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION

The broader economic development function falls under the auspices of the *Economic Development and Planning Committee (ECOD)* chaired by Councillor Nomvuzo Shabalala. The activities are guided by Plan 2 (*‘Developing a prosperous, diverse economy and employment creation’*) of the municipality’s Integrated Development Plan (IDP). The goal of Plan 2 is *‘To develop the economic wealth of the eThekweni region for the material well-being of all its citizens’* with the desired outcome of *‘Strong economic growth, sustainable job creation and poverty alleviation’*.

Economic development per se is guided through policies conceived by National and Provincial Government departments and this is articulated through the IDP and the *Economic Development and Job-Creation Strategy 2013-2018* from which significant local economic activities are guided, but not restricted, as the Plan also responds to broader challenges facing the region through the endorsement of other initiatives such as the *Millennium Development Goals* and others that are relevant to the goals of Plan 2.

The Economic Development and Investment Promotion Unit, the Strategic Project’s Unit, the Business Support, Markets and Tourism Unit, as well as the other appropriate entities are all mandated to execute plan 2 of the IDP. The specific focus areas strive to address the economic injustices of the past, enhance the existing significant competitive assets in the City and ensure the region is constantly leveraging benefits from opportunities arising out of the globalization dynamic.

State of the Economy 2012-13

Globally the level of economic activity was stable but slow during 2012, decelerating from above 5 % in the first half of 2010 to around 2.5% in the final quarter of 2012. Nationally, real economic growth was moderate in the final quarter of 2012, roughly double the rate in the 3rd quarter probably due to unrest in the mining sector, also contracting that sector further in the 4th quarter.

Locally, the eThekweni economy grew by 3.4% between 2011 and 2012 (GDP was recorded at R210, 1 billion in 2012, in constant, 2005 prices). The main sectors contributing to this growth were manufacturing, finance, trade and transport and community services.

The region’s estimated GDP of R216.2 billion during 2013 represents a 2.9% increase over the previous year. This low increase is in line with the downward adjustments through the 3 spheres of government. The local economy grew over the period 1996-2012 at an average annual rate of 3.7% and total employment increased gradually during the same period at a rate of 0.1%.

The tourism sector is hailed as the platinum sector in Durban and during the period under review, there were many events that helped support this claim. In addition, the National Geographic partnership which was implemented during 2012/13 commenced the first phase with the launch of the Historical Durban Documentary on 1st May 2013. This, together with the 60-second vignette which features an advertorial on Durban and the digital website will be viewed by over 360 million people across 260 countries for the next few months.

Durban is the proud host of *Tourism Indaba 2013* – for two years in a row, Tourism Indaba has also won the award for Africa’s best travel and tourism show from the Association of World Travel Awards. Last year the event attracted 10,793 delegates and about 13,000 visitors are expected for 2013.

In September 2013, the Durban ICC will also host the International Association of Women Police Training Conference, and a number of major medical events before the end of the year. The medical events in the 2013 calendar include the 11th Congress of The World Federation of Societies of Intensive and Critical Care Medicine,

the 6th Multilateral Initiative on Malaria Pan African Conference and the African Organisation for Research and Training in Cancer Conference. These high-profile medical conferences benefit the city not only by their economic impact but also through the knowledge transfer which takes place at these events and the legacy which they leave behind. The 2013 Business Fair and International Conference on SMMEs are also taking place during the last week of September 2013 at the Durban Exhibition Centre.

In addition to these events, the Centre has also secured a number of impressive international events for Durban in the coming years. These events include the Congress of the International Union of Architects in 2014 which is expected to bring 5,000 delegates and the 14th World Forestry Congress in 2015 which will attract a further 8,000 delegates. Also scheduled for 2015 is the world's largest aviation exhibition, the World Routes Development Forum that will bring in 3,000 delegates and 350 Airlines. The 21st Baptist World Congress will also take place in 2015 and is expected to attract 10,000 visitors to the City.

The Durban ICC was chosen to host the International Aids Congress in 2016 which will bring 20,000 delegates.

Major investment activity in eThekweni includes the Afrox location to Cornubia where they will be investing R500m to relocate its Durban operations to a centralized site at the new Cornubia Industrial and Business Estate. A major factor that influenced this investment is the planned redevelopment of the Port of Durban's infrastructure especially at Maydon Wharf where Afrox has been conducting its industrial and medical gas filling activities for many years.

The South African Petroleum Refineries (SAPREF) in Durban is also planning a R2, 5bn upgrade to their refinery in an effort to produce cleaner fuels.

On the local economy, the City has placed several significant strategies and initiatives that will leverage maximum local benefit for the eThekweni region, following the President's State of the Nation Address and National Budget speech. The City's *Economic Growth and Job-Creation Strategy 2013-2018* reflects some of the major infrastructural developments planned for Durban, such as the Port expansion, Dig-Out Port, the proposed Special Economic Zone at Dube Trade Port, Cornubia and the Durban-Free-State-Gauteng Corridor. The EThekweni Industrial Strategy will also be compiled to exploit optimal benefits for the local region, arising out of the national infrastructure budget.

Dube Trade Port is planning to develop an aerotropolis or airport city which is based upon the notion of airports being drivers of growth. The initiative is being developed to cater for various land uses that internationally have been shown to be in high demand in proximity to an international airport. The aim for this is to attract foreign direct investment into manufacturing, logistics, commercial, industrial, and transport and tourist sectors.

The outlook for tourism is also brighter, given the boost from Tourism Indaba and other major Conferences planned over the next few years. The prospects for the domestic economy will still depend on growth in the rest of the world, which could boost demand for South African exports. The recent increase in national unemployment in the first and second quarters of 2013 places a greater burden on the demand for jobs. With Durban being the second most significant manufacturing region in the country, the uncertainty over the mining policies is affecting the growth potential of this sector. Manufacturing is expected to benefit from a quickening in global growth in the second half of 2013 and coupled with the weaker rand, but the competitive edge provided by the weak rand is likely to be short-lived because of rising input costs.

Programmes and Projects

The programmes and projects affecting economic development and job creation are outlined in further detail here:

Policy, Strategy, Information and Research (PSIR)

The Policy Strategy Research and Information (PSIR) arm of the Economic Development and Investment Promotion Unit is tasked with providing economic intelligence to the city and to conduct research, policy and strategy that advances the economic agenda. The department has developed a Draft Economic Development and Job-Creation Strategy 2013-2018 which has undergone substantial consultation and received widespread support. While this has not been formally adopted by council it has formed the basis for a number of initiatives.

The Key initiatives during 2012/13 included:

Providing Economic Intelligence

Economic Development and Growth in eThekweni (EDGE) – this initiative was started by the department as a set of publications to provide quarterly updates on a range of global; national; provincial and local economic issues. It consists of a quarterly economic bulletin as well as research papers on key issues and these included topics such as Port Expansion; electricity pricing and its impact on business; youth unemployment; skills shortages; BRICS and its implications for Durban; Investment in Africa and implications for Durban; etc. in addition it also included seminars on key topics. The aim has been to better inform leadership and decision makers on economic issues.

Sector Research and Strategy: INNOVATION STRATEGY; GREEN INDUSTRIES IMPLEMENTATION PLAN; TOURISM SECTOR STUDY. A study was also undertaken focusing on the role of sport at a grass-roots level, in promoting economic development. Work also commenced looking at sectors such as the green economy; innovation and trade. In addition, input was made into provincial processes such as the provincial industrial development strategy.

The City has a Memorandum of Agreement with the University of KwaZulu-Natal, Durban and has through the Economic Development Unit, to undertake a manufacturing survey in the region. The pilot survey was recently completed in July 2013. The main survey commenced during August 2013 and will be completed in 2015. This is a repeat of the survey done during 2001/02 that examined constraints to manufacturing growth in the micro-economy.

The department completed the Economic Review for the period 2010-2011 based on the indicators provided by Global Insight. There is a six-month lag for the new data each year and the department is currently compiling a review for the period 2011-2012 after receiving the 2012 data during July 2013. The review will again highlight key indicators, trends and challenges impacting on the local economy.

Monitoring and Impact Assessment

Impact Studies: An impact study was commissioned for the River Horse Valley business estate and another for uShaka Marine World, was completed in 2012/13.

Job Monitoring: the department developed a draft system of monitoring jobs in the eThekweni economy as well as jobs created through the Municipality. This system will be refined in 2012/13 to enable better reporting of job trends in the local economy.

Investment Risk: when a lack of private sector investment was identified as a priority one risk in the Municipality's risk register, the department developed an action plan to address this and currently co-ordinates the actions related to this. The department, through the draft Economic Development Strategy and later, the work on the risk register introduced the concept of a review of the Best Practice City Commission which was initially undertaken in 1999.

Reporting: The department was responsible for economic aspects of the IDP; SDBIP; Scorecard; Risk Register; Economic Annual and Monthly Reports; etc.

Information Provision: Numerous requests for information were received from other departments; investors; business; etc. which the department provided. In addition, the department participated and made input on city planning processes; key projects; provincial and national forums.

Catalytic Projects

Investment Dashboard: the concept of an investment dashboard was introduced in 2012. The project attempts to identify key investment projects and track their progress with the aim of alerting the Deputy City Managers' (DCMs') Forum and Council on a quarterly basis of any delays hampering specific projects. The work thus far was presented during August to the City Manager and other members comprising the city leadership and was well received.

Special Economic Zones (SEZs): Following the successful seminar and workshop on SEZs during 2012 and the KwaZulu-Natal Province's plans to include 2 SEZs for the eThekweni region, further work will be done in 2013/14 in this key area.

Industrial Land Study – this initiative was conceptualised and aims to address and bring an informed response to the challenges related to the shortage of industrial land.

Strategies

The *Economic Development and Job Creation Strategy 2013-2018*: The Department has finalized the Strategy and is scheduled for presentation and approval at the Economic Development and Planning Committee during 2013.

Draft Industrial Development Strategy: A draft Industrial Development Strategy was developed, in order to specifically identify industrial sectors requiring support and the nature of support to be provided. However, this will only be taken forward once the economic strategy has been adopted by Council.

Investment Promotion Policy: This Policy is now finalized and awaiting approval by the Economic Development and Planning Cluster Deputy City Manager.

Economic Development Projects

The Economic Development Projects section of Economic Development and Investment Promotion focuses on promoting and facilitating development along economic corridors and within economic nodes, using infrastructure as a catalyst. In 2012/13 there has been significant work that has taken place at nodes, in 4 of the 15 townships in eThekweni Municipality. Further to this; Projects have been investing in secondary CBD's, neighbourhood beaches serving local communities and small light industrial parks to promote SME development in townships.

STRATEGIC TOWNSHIP DEVELOPMENT

1. KwaMashu

The Station Traders contract is underway in order to better accommodate the herbal traders that will be affected by PRASA's Station Upgrade programme.

At the KwaMashu Town Centre, discussions are at an advanced stage with Ithala Finance and Development Corporation in order to revitalize the KwaMashu Checkers centre, provide parking facilities for the proposed park

and ride facilities and parking facilities that ensure that the KwaMashu Town Centre, including Princess Magogo functions optimally.

The KwaMashu Crossroads area and the Queen Nandi Park area are undergoing EIA's in order to ascertain what modifications and amendments are required to develop these areas. Property has been purchased from Ithala for the development of the KwaMashu Furniture Incubator and Furntech intend to commence construction, once building plans are approved.

A 'needs assessment' is being undertaken to ascertain the most appropriate area for a government customer services centre at Bridge City. Further to this, Bridge City requires commitment from eThekweni with regards the underpass; that will connect KwaMashu and Phoenix Industrial Park a lot better. This project is commonly known as the Bridge City Half Diamond interchange.

2. Clermont

Clermont is receiving a lot of attention in order to establish a Town Centre, by creating a link road at Zazi Street ensuring that 12th street better connects Zazi Street and the P577. The electricity sub-station, taxi rank, public realm, swimming pool, Sugar Ray Xulu stadium have all already been built and upgraded at a cost of approximately R60 million.

3. Mpumalanga

The Mpumalanga Mall in Mpumalanga Township was launched and is operational. The Hammarsdale industrial area is being marketed to promote industrial services. In addition, Kelly Road is being upgraded for street trading facilities, in as much as Shezi Road is being upgraded to have better connectivity between the Mpumalanga Mall and the "old" Boxer Store node.

4. Umlazi

Umlazi has two corridors, the M30 and the M35, and numerous nodes along those corridors. Presently Projects are focused on the V-section node (Max and surrounds) and the D-section node (KwaMnyandu) to get the greatest amount of impact. For the V-section Council approved the regularization of commercial activity taking place there and the foundation for the Umlazi-V Town Centre has been established.

At D-section the King Zwelithini Stadium and surrounding areas have received public realm upgrades and presently construction is underway for the pavement and cycling lane that will assist with non-motorised transport at KwaMnyandu.

TOWN CENTRE RENEWALS

Tongaat, Verulam and Isipingo have received favourable public realm upgrades that have changed the complexion of the town centre and revitalized the socio-economic activity taking place.

The partnership with the Tongaat Hulett to construct the Blackburn link road at Cornubia is being implemented and will contribute towards unlocking the industrial park at the major mixed-use residential-commercial development at Cornubia in order to promote employment.

TOURISM NODES

Economic Development Projects has earmarked the Westbrook, Umhlanga, Warner, Umkhomazi and Umgababa beaches in order to promote domestic tourism and assist local communities access recreational and retail facilities within walking distance.

Pipeline beach at Amanzimtoti, Ansteys and Brighton beach at the Bluff is still in the planning phase and will be implemented within the next 5 years.

SECTOR SUPPORT

Economic Development Projects is supporting the formulation of a socio-economic framework for Warwick that has resulted in a comprehensive Job Opportunities Centre and non-motorised pedestrian links that better

engage the Warwick community, with the proposed PRASA station upgrade and any future developments in the area.

CHALLENGES

Community participation and sequencing the timing for the implementation of Capital Projects is not without challenges. In addition very often the partners and stakeholders we engage do not operate on the same time frames and processes that local government operates on. Interesting enough, at times even Provincial and National government has different budget cycles to local government. And urban management and maintenance is a constant challenge.

Sector Support Programmes

The Economic Development and Investment Promotion Unit (ED&IPU) is the responsible line function of local government that is mandated to promote economic development, job creation, economic transformation and economic intelligence through local economic development, trade and industry development, and investment promotion.

The Economic Development Programmes Department (EDPD) which is housed in the ED&IPU is responsible for sector development. EDPD core mandate is to develop and grow sectors that have been prioritised by government. The method for doing so is via the development of sector programmes and policies/strategies for each of the priority sectors.

The goals are to create an enabling business environment in the city and stimulate industrial growth, and thus ultimately increase job and income opportunities for poverty reduction.

The department must therefore pay more attention to building a strong enabling environment, ensuring the presence of catalysts, and developing industry clusters to drive economic activity in the city. The way the department develops this enabling environment will ultimately affect the competitiveness and industry agglomeration and specialization. Fostering Industry and business clusters can serve as a means of strengthening and diversifying the city economic base. This approach to economic development generates significant benefits by enabling the city to gain comparative advantage from the increasing *economies of scale* of businesses that co-locate and collaborate in knowledge transfer, investment opportunities, and industry development.

The sector support programme have supported a number of Cluster Initiatives (hereafter referred to as CIs) since around 2002 as part of government's strategies and initiatives to support private sector competitiveness, investment, transformation, and job retention and/or creation.

Clustering, as an economic and business process, has taken place spontaneously for hundreds of years, and involves strong backward and forward linkages and networks between related businesses, as well as organisations involved in providing support services to these businesses.

The general purpose of CIs is to promote economic development within the cluster by improving the competitiveness and growth of one or several specific business sectors.

The programme have funded and provided other support to the following nine Clusters:

1. Durban Automotive Cluster
2. Durban Chemicals Cluster
3. eThekweni Maritime Cluster
4. eThekweni Materials Recovery Cluster
5. KZN Clothing and Textile Cluster
6. KZN Arts and Craft Cluster

7. KZN Fashion Council
8. KZN Furniture Initiative Cluster
9. KZN Tooling and metals Initiative

The CI objectives and programmes are summarised below:

1. Executive Functions (strategy and research; oversight and governance)
2. Locational Competitiveness (Growth: trade, investment, and innovation; Compliance: safety, health, environment)
3. Firm competitiveness (value chain competitiveness: operational competitiveness and supply chain management; Skills: HR excellence, attraction, development, retention)
4. Transformation (B-BBEE excellence, SME incubation)
5. Networking, advocacy, and stakeholder engagement
6. Knowledge management
7. Approximately 17 waste / product beneficiation projects
8. Business Incubation
9. The Initiative goes Green
10. UNIDO Benchmarking
11. Design Centre of Excellence

Selected Impacts Reported by Cluster

Durban Chemical Cluster

The Cluster commissioned a study of the major chemicals manufacturing value chains in the eThekweni Municipality Workshops which updated member firms with the latest developments in compliance issues and best practices in safety, health and environment operations. The workshops covered topics such as 1) The Air Quality Act and the application for Air Emission Licenses 2) Incident reporting and inspection from Province in the chemicals sector 3) Introduction to Globally Harmonised Systems for the Classification and Labelling of Chemicals (GHS).

- MCEP knowledge sharing sessions
- MCEP firm-level assistance to value of R30million
- Business Retention and Support Desk
- Trade Statistics
- Exports into Africa
- Duty Circumvention
- Firm-level Benchmarking & Consulting support
- 9th State of Logistics
- WCM Best Practice Study Tours
- Carbon Tax Information Session
- Carbon Footprints for Members
- Student Tours
- Career Days
- Wellness Programme
- Skills pipeline research
- B-BBEE Information Sharing Sessions
- SME Incubation Programmes:
- Engen
- Business Viability Studies
- Business Plan Development
- Business development workshops
- Coaching
- Product development and Testing with SABS

- Business materials e.g. scales, laptops, fridge, raw materials
- DCC membership
- CHIETA
- Business Viability Studies
- Business Plan Development
- Business development workshops
- Coaching
- Product development and Testing with SABS

Facts and Figures:

- 245 people participated in workshop related activities between 2012 and 2013
- 91% average positive assessment for workshop related activities
- Provided assistance to member firms to access R30 million for capital upgrading from MCEP incentive

Clothing and Textile

- Training of over 4 000 individuals, predominantly from a PDI background
- Run three national retailer-manufacturer-government Imbizo"s
- Saved the industry at least R2 million in terms of waste (as defined in WCM and based on 9 out of a potential 68 indicators)
- Stimulated innovation relating to a new industry model
- This work has developed into two Fast Fashion vertical clusters and two vertical programmes and are central to the future sustainability of the industry
- leveraged an additional R1.5m for projects run by other agencies from international agencies (such as the ILO project)
- leveraged an additional R12 million from 2011 to 2014 from IDC for members participating in the CCTC CTCIP for individual expert support
- Playing a pivotal role for sector knowledge that has contributed to the formation of the industry's production incentive (R1.6 billion for industry)
- Assisted member companies in accessing the production incentive
- Saved 1 050 jobs and created an estimated 700

Materials Recovery

This Cluster has created 193 direct and 350 indirect jobs to date.

The following attempts to provide a summary of the kinds of benefits and impacts which Clusters have on individual firms, overall clusters, and the overall economy:

- A communication and collaboration platform between business and local, provincial, and national government, and other regional stakeholders**, which promotes public-private understanding, dialogue, and strengthened support and partnerships, including with academia and organised labour.
- Improved linkages and coordination** between firms in the value chain as well as with support institutions that improve the sharing of knowledge and which contributes towards **innovative business processes, products, services and models**;
- Improved productivity** (producing more output with less inputs) through improved access to customised training which meets sector-specific needs and a more productive labour force and/or improved equipment/technology and/or benchmarking process to improve world class manufacturing processes;

- d) **Reduced costs as well reduced environmental impacts:** energy, waste, or water efficiencies as well as collective bargaining for e.g. freight and raw material bulk purchasing savings;
- e) **Increased domestic and/ or international sales** through improved market access and value chain alignment between buyers and suppliers and/or marketing and financial support to access new markets and/or substituting imports with domestic supplies;
- f) **Improved access to finance** and/or cluster-specific finance for equipment upgrading, including improved risk perceptions of clusters by financiers as well as potential investors;
- g) **Accelerated firm and cluster growth** through enhanced firm competitiveness, value chain alignment (improved linkages between buyers and suppliers) and the readiness of firms to take quick advantage of global opportunities when the macro environment (e.g. exchange rate) becomes favourable;
- H) **Improved firm profits and sustainability** through constant innovation in products, services, processes, and business models;
- i) **Increased employment** creation which is cost-effective, resulting in improved wage levels and/or increased household expenditure and disposable income which in turn stimulates demand and growth in the broader economy;
- j) **Improved public sector understanding of clusters** and key business environment constraints to competitiveness and growth and ability to prioritise interventions to reduce business environment constraints as well as ensure public infrastructure and services can meet sector specific needs to meet customer and market requirements.

It is clear that the nine Clusters are targeting industries that employ a significant proportion of total provincial employment. There are approximately 300,000 people formally employed, or about 25% of the KZN Provincial total of 1.14 million formal jobs overall, in industries directly relevant to the nine Clusters listed above. It is clear that the performance of many firms have improved as a direct result of participation in the Clusters and many additional firms have benefitted indirectly through the backward and forward linkages with Cluster member firms.

There is no doubt that clustering can result in wide-spread economic benefits if the behaviours of cluster participants can be influenced in ways that enhance the competitiveness and growth of individual firms and overall value chains.

The nine Clusters are at different stages of development and a range of issues impact on their effectiveness and efficiency.

It is clear that it takes a number of years of practical experience of working within a cluster to have a detailed understanding of clusters and value chain dynamics after which one could compile relevant strategies that focus on the key upgrading and industry positioning issues and which has the potential to meaningfully impact on the overall cluster's competitiveness and job retention and/or creation trends.

Clusters are potentially under-funded in KZN and there does not seem to be a clear prioritisation or funding model to determine how much funding each Cluster requires and how to guide government's allocation and prioritisation of funding to cluster, however, for the Cluster to play a more effective role in a) their current programmes; b) any possible future roles and programmes, will require Cluster to obtain additional finances from the public sector, and wherever possible the private sector.

Over and above the Cluster approach, there are at least 3 other complementary ones which can meaningfully impact on job creation and where KZN Provincial Government and eThekweni Metro need to prioritise, with support from the Clusters, in order to accelerate job creation:

- a) The provision of dedicated infrastructure facilities which meet the needs of the priority clusters is another complementary approach which can accelerate cluster competitiveness and economic growth.
- b) Improvements to the overall business environment in terms of service delivery cost effectiveness, reliability and quality esp. as it impacts on input costs (water, energy, waste, transport logistics).
- c) Red tape reduction in terms of decision-making processes and time-frames as well as improvements to regulations which are negatively impacting on cluster competitiveness.

The Sector Industry Support Programmes aim to provide specialized economic services to priority sectors within the provincial and local economy. The Draft Economic Development and Job-creation Strategy 2012-2017 acknowledges that the Municipality must provide the necessary conditions for sector growth to ensure that they are adequately equipped to compete in the global market and the programme has identified the following four outputs in line with the budget allocations for 2012/13:

- Enhancing Sector Competitiveness - to facilitate optimal strategic functioning of industry organizations to drive the local economy, such as the development of Industry Clusters driven by industry to address various challenges affecting the sector.
- Sector Skills Alignment - this facilitates the alignment between skills supply and industry demand in the priority sectors, through an integrated approach between tertiary institutions and industry

The following projects and appropriate funding are packaged for this Department:

- Durban Automotive Cluster
- KZN Clothing and Textiles Cluster
- KZN Fashion Cluster
- KZN Furniture Cluster
- Chemicals Cluster
- Maritime Cluster
- EThekweni Materials Recovery Cluster
- Edamame Agri-processing Initiative
- Updating of the eThekweni Industrial Strategy & Implementation Plan

Durban Film Office

The Durban Film Office (DFO) is a Special Purpose Vehicle of the eThekweni Municipality, launched in 2003 and is mandated to position Durban as a globally competitive film city with a view to boosting tourism, job creation and the development of core skills and SMME's.

The DFO's 2012/2013 activities focused on further developing initiatives that would promote the establishment and nurturing of a motion picture and media hub in Durban that will expedite the development of local

producers, the attraction of national and international funding bodies for critical skills training, and the creation of products for local and international consumption.

The key outputs of these projects will ensure capacity building and skills development of local producers, directors and screenwriters, increased export quality products from the continent, increased currency of foreign direct investment through the city, and ultimately position the city of Durban as a centre of excellence for the financing, sales, distribution and marketing of motion picture and new media products. As part of this vision, one of the key focus's over the next three years is to identify opportunities to increase the City's market share in terms of the rapidly growing digital innovations in the motion picture sector.

Programme implementation includes:

Durban FilmMart Programme

The Durban FilmMart aims to create partnerships and further the development and production of African content. This initiative is a joint venture between the Durban Film Office - the film-industry development arm of the City of Durban, mandated to position Durban as a world class film production destination and facilitator for the development of the local film industry - and the Durban International Film Festival, South Africa's largest and longest-running film festival and a flagship project of the Centre for Creative Arts (University of KwaZulu-Natal) which facilitates creative platforms and economic opportunities for artists and related industries, intercultural exchange and network development, training, audience development and strategic Pan-African and international cooperation in the cultural sectors. This collaboration brings to Africa growth, recognition and the opportunity to develop strategic relationships between film financiers and African filmmakers. The Durban FilmMart continues to raise the visibility of African cinema, stimulate production, and facilitate project collaboration between African film-makers. Africa has many storytellers and Durban FilmMart provides the platform for up and coming producers to be heard and as well as a chance to get their foot in the door through funding and networking within the industry.

Over 350 delegates from all over the world attended the 3rd DFM 2012, 130 Projects (87 fiction and 43 documentaries) submissions were received from all over Africa – Burkina Faso, Egypt, Ghana, Kenya, Morocco, Namibia, Nigeria, Rwanda, Swaziland, Tunisia, Uganda, Zimbabwe as well as South Africa. Since its inception, DFM has been very fortunate to secure valuable partners locally and internationally that have supported the development and growth of the programmes on offer. DFM aims to continue to build on this partnership base to ensure that the DFM is able to offer participants a broad range of opportunities and market access points.

Micro Film and Development Programme

The first phase of this support programme was implemented during 2012/13, in the form of monthly market workshops for emerging filmmakers. The second phase is now set to be implemented in 13/14 and will see the development and production of 3-5 local micros, made for TV Films per annum for three years. The programme aims to support the production of local content in order to stimulate the economic and commercial capacity of the local film industry, and has been designed to recognize the different stages of professional development of local film-makers and provide support for emerging talent to gain production experience in order to access national and international support and funding. The programme will be combined with a professional support

and mentoring process to minimize risk, facilitate knowledge, skills and experience transfer; and maximize success rates. The micro film programme will support the development, production and distribution of 3-5 locally made films per year and offers a programme to develop local content that is cost-effective, practical, realistic and commercially viable.

Producers Lab SMME Incubator in Partnership with SmartXchange

The Producers Lab aims to provide structured training and up-skilling specifically aimed at self-taught or mid-level career professionals in order to support and promote more commercially-oriented film-making practices, and to develop film professionals and content which are competitive at a local and global level. The programme was first launched in 2009 and provided incubation and training for ten SMMEs over a three year period.

KZN Music Cluster

The KZN Music Cluster (KwaZulu-Natal United Music Industry Association) is a programme of the Department of Economic Development (DED), KZN in partnership with eThekweni Municipality for the purpose of furthering the economic development of the music sector.

Durban Investment Promotion Agency (DIPA)

The Department of Investment Promotion aims to leverage maximum economic benefits from domestic and foreign investment.

Specific attention and support will be provided to developers in ensuring a smooth development application process involving commenting and feedback from line functions. One of the main goals of the programme is to provide an integrated, multifaceted brand identity for the city which can be further adopted as the future vision for the City. In addition, best practice structures and optimized delivery will be revisited to ensure productivity, value for money and efficient business participation.

To this end, the Municipality is reviewing the first Best Practice City Commission (BPCC) and in addition – plans to assess the current institutional mechanisms promoting and facilitating investment, with particular emphasis on the roles of the eThekweni Municipality. A BPCC Project manager was appointed after which Commissioners will be appointed. The study is expected to inform the City leadership and officials about the current and new obstacles to investment in the Municipal area, and provide a suite of recommendations and an implementation plan as a response.

Taking its lead from the international and South African prioritisation of fixed capital investment promotion and facilitation, this department also seeks interventions to attract new foreign direct investment, whilst retaining and expanding domestic business investment. The core outcomes will be job retention, job growth, and new revenues for government to use in accelerating core infrastructure and service delivery. In addition, the programme aims to offer new empowerment opportunities, bring in newer business technologies and processes, and contribute towards growing export-led development. This then prioritises the localised implementation of the new PGDS/PGDP in the KwaZulu-Natal Province.

The 4 main investment promotion and facilitation projects that give effect to these strategic goals, plus the KwaZulu-Natal Investment Strategy are:

- Durban Investment Promotion and marketing;
- Existing local Key Investor Aftercare plans and mechanisms, including the business retention and expansion (BR&E) program;
- Foreign investor attraction and facilitation support;
- New Investment Development.

The other function of the Department is to institutionalise a set of pro-development responses for private sector fixed investment in the region. The main focus areas include investigating the application of various-business friendly tools such as rates holidays; the declaration of special rated zones / precincts; urban development zones; urban improvement precincts; special rated building typologies such as green buildings; access to national incentives; access to indirect incentives such as sector support and business support programmes including marketing support provided through TISA and locally accessed through Trade Point and Trade and Investment KZN, plus eThekweni's own investment promotion team. Other initiatives involve facilitating Joint Operations Committees (JOCs) in priority business nodes; and maintaining an ongoing dialogue with local businesses.

During the period under review the Business Retention and Expansion (BR&E) Programme was reviewed and a revised strategy was finalised. Preliminary steps have been put in place to start in the Phoenix Industrial Park (PIP), in partnership with the (P)INK area and ABM. The PIP BR&E core Program steps have begun and will be completed in the first half of 2013/14. Local Investor support is on-going and key clients were targeted by sector for high level engagements.

Foreign direct investment attraction and support is on-going as per the refreshed foreign investment promotion policy. Support is provided to inbound foreign Investor delegations from Korea, various African countries, Japan, Germany, UK, USA, China, India, and Reunion.

In the Green Economy, significant impacts have been made in partnership with the Energy Office utilising the joint KSEF (KZN Sustainable Energy Forum) platform with approximately 350 businesses.

Investment promotion and marketing initiatives were undertaken. In addition, business and investment events were supported and in some cases co-ordinated.

Although the department is short-staffed, it has played a key role in engaging with organised business structures, viz. the Durban Chamber of Commerce, the KZN Growth Coalition, the Institute of Directors, and the various Industrial Clusters (Durban Automotive Cluster, Durban Chemical Cluster, etc.). We have just concluded a strategic MOA with DCCI to formalize and better plan our shared business agendas around Durban Investment Promotion plus other economic interventions. This will be activated from the new financial year.

Durban Fresh Produce

The Durban Fresh Produce Market facilitates the distribution of fresh produce. Commercial farmers, small and emerging farmers are dependent on the Bulk Fresh Produce Market in order to sell their fresh produce. This Unit creates business opportunities for big, small and emerging businesses, inclusive of informal traders from where they can purchase their fresh produce. Businesses involved in the wholesale and retail distribution of fresh produce are also dependent on the Bulk Market. In addition, businesses other than those involved in wholesale and retail distribution (e.g. Processing Entities, etc.) are also dependent on the Bulk Market. The Bulk Market contributes extensively towards both creating and sustaining jobs in the fresh produce sector.

The Durban Fresh Produce Market is situated at 81 Flower Road, Clairwood and has the distinction of being the biggest distributor of fresh produce in KwaZulu-Natal and the third largest Market in South Africa.

The Durban Market has again emerged as one of the leaders in the fresh produce industry, confirming the importance and necessity of the Municipal Market as an effective Marketing mechanism to the producer and an accessible source of a wide variety of quality produce to the buyer.

The continued and growing support for Durban Market by producers (throughout the country) and buyers has been exceptional and evident in the record turnover in excess of one billion rand for the first time despite the increased pressure on the Market from other emerging marketing options.

This is largely achieved through the continued good relationship with role-players in the industry by Management and Market Agents and the effective service offered by Market personnel. Durban Market has in the last few years undertaken substantial upgrading and development of its facilities to ensure that the facilities remain up-to-date and commensurate if not superior to that of the other major markets within the country. An initiative in this regard which is also a proto-type for the country is the auto-safe device. The project was implemented jointly with the Cities current banking service provider. The auto safe enables buyers to deposit cash directly into their buying account, thus reducing time spent on the market. The pilot project was implemented in the latter part of the financial year.

A key capital project in the 2012/13 financial year was the completion of the upgrade to the Cold Store Facilities.

The annual profit for the financial year amounted to R 19,8 million. The profit realized is after spending a sum of R 4,8m towards maintenance related expenditure as the need to maintain the facilities to an acceptable standard is of paramount importance.

The Durban Fresh Produce Market continues to strive to be the best Fresh Produce Distribution Centre in South Africa.

Business Support

Small businesses are vital contributors to the health of the economy and offer a diversity of opportunity in our Society. They boost productivity, increases competition and innovation, creates employment and prosperity, and revitalizes our communities. The Small Business Support Unit creates an enabling environment to help people earn a living and rise out of poverty and over time create jobs as well as empower other individuals and the communities in which they live. Moreover it encompasses access to finance, entrepreneurial skill development, enabling the start-up of small businesses to providing business skills development through training, mentoring, coaching. It offers operational assistance to small, black-owned enterprises, which is also a core component of the SA Government's BBBEE strategy and globally recognized as an effective way of reducing poverty.

Through this Unit a platform is created for women-owned and youth-owned enterprises to develop into sustainable businesses. There is also a platform created for sector programme such as construction, tourism development, arts and crafts and the ICT sectors. Access to markets are facilitated through the Exhibitions and Fairs as well as a Business Linkages Programme, however, there is room for more opportunities through preferential procurement policies. Research and the development of policies and strategies are critical to the growth of small businesses and further to Governments proposed strategy of partnerships; the Unit develops strategic partnerships for the purposes of engaging the private sector for both their resources and expertise in the development of SMMEs.

These initiatives are directed at the informal economy and smaller enterprises to enable these businesses to grow and prosper, provide a platform for small traders or craftsmen to legitimize their activities and evolve into large trading enterprises, provide employment for many people, and enable businesses to compete on a global level. These programmes assist in the delivery under the third strategic pillar of the PSEDs, specifically broadening participation in the economy. The programme also provides assistance in the establishment of retail business and the financing of Local Business Service Centres (LBSCs). It also provides business support to the construction and ICT sectors. It also strives to forge links with the Durban Chamber of Commerce and Industry in an attempt to establish strategic partnerships and promote access to finance for entrepreneurs. This Unit seeks to provide and maintain existing infrastructure that act as a means of support for entrepreneurs. It also ensures the enforcement of the relevant municipal market by-laws and market policy.

The Unit also facilitates the management of the informal trading sector, especially street trading which is a demanding task involving demarcation of trading areas, issuing of permits, organising traders into area committees that feed into a citywide forum, and on-going collection of rentals. Coupled with this, is the necessary enforcement of regulations and by-laws in conjunction with the Metropolitan Police, as well as negotiations and dispute resolution where the interests of residents, traders and the formal economy come into conflict.

INFORMAL TRADE

Currently the fully-serviced infrastructure provided for informal traders to date is valued at approximately R250m for services such as structures, ablution facilities, storages, access to water and services, etc.

EThekweni was the first City to adopt the Informal Economy Policy and established 16 retail markets, 15 containers Parks, 12 flea-markets throughout the region. The unit registered 48,000 vendors in the informal economy sector on the computerized Revenue Management System (RMS) generating roughly R47m in monthly revenue.

There were capacity building programs for informal workers, e.g. financial literacy with about 3000 Traders benefiting, Business Management skills training for 2500, and 1500 vendors attended Food Safety Training and 1000 as machinists.

The informal trade team facilitated the establishment of the Informal Economy Stakeholder Forum, which is a leadership structure allowing stakeholders to engage in dialogue on strategic issues affecting the informal economy comprising formal business representatives, trader organizations and committees, various municipality departments, enforcement agencies, councillors and provincial departments of economic development officials for the advancement of the informal sector.

STRATEGIC PARTNERSHIPS

The unit entered into several strategic partnerships with the following entities:

ENTERPRISE DEVELOPMENT
Shanduka Blackumbrellas
Enablis
Sapref
Gooderson and Leisure
TEP
Toyota
Rainbow
Plascon
Ithala
Bosch Ulwazi
Anglo American
Eskom
Absa
Pmb Support Centre
SMeasy
Price Waterhouse Coopers

STRATEGIES AND POLICIES

- The Access to Finance Strategy has been developed together with unit MOU's with 7 institutions
- Community tourism strategy adopted.
- Enterprise Development Strategy finalised

ACCESS TO FINANCE

Amounts of R9m in loans were secured from ABSA for the emerging and informal businesses.

- Financial management Workshops = 1200

ACCESS TO INFORMATION

The unit held several empowerment workshops with the objective of giving relevant business support to emerging entrepreneurs and existing business owners.

- BEE Workshops attended by 125 SMMEs
- The unit held 10 empowerment workshops in the following areas:
Makhutha, Magaba , Mkomaas, Matata, Hazelemere, Maphephetheni, Cato Crest, Chesterville, Mzinyathi and Ntshongweni
- The unit also held 2 Business Indaba's in the following areas: North region = 470 and South region = 690

- Durban Business Fair Gala Dinner was attended by 750 guests and sponsored by Transnet. The fair received over R2, 3 million worth of sponsorship and received 14,000 visitors. The fair hosted businesses from the Sister Cities and was visited by international Mayors from Bulawayo, Zimbabwe and L'e Port, Reunion Island. The programme was given a makeover and rebranded, and in 2011 a new name and logo for the Fair was conceived.

SUPPORT TO ENTERPRISES

Various training programmes were coordinated by the unit and it benefited over 11 000 people in diverse industries in order to improve their skills:

Programme	Number trained	Programme	Number trained
Mechanical	110	Waste Management	135
Waterloo/Kwanyuswa	120	Machinist	1000
Business Management	2500	Equity Participation	380
Corporate governance	120	Bricklaying	120
Enablis Training Programme	176	Plumbing	170
Raizcorp Training Programme	220	Electrical	36
Exhibition/Display	250	Tiling	75
Welding	15	BBEEE	125
Financial Literacy	3000	Food safety Training	3000
Mechanics	100	Roofing	75
Shell livewire Training programme	180	Painting	65

ACCESS TO MARKETS

Nationally and internationally opportunities

The unit facilitated various market opportunities nationally and internationally and these benefited over 761 businesses:

Opportunity	Number of Companies	Opportunity	Number of companies
Durban Business Fair	550	Global Botswana Expo 2012	10
Argentina	6	International small Business Summit	6
China	4	Florida Road lifestyle market	100
Global Expo Botswana	6	CSI Business Congress	15
KZN Handmade Collection	20	Durban Business Fair – Fashion Pavilion	20
SA Fashion Week	08	32 nd India International Trade Fair 2012 In New Delhi	4
SA Handmade	4	Foire De Marseille, France	2

Fashion Development Program

Thirty-five young and emerging designers were trained by an international fashion analyst on trends, marketing, global positioning and access to international markets. From the 35 trainees, 10 were selected to participate in the two-month international fashion internship in Milano, Italia.

The 10 interns were trained through seminars, working at various fashion houses, attending and working at fashion shows and fashion fairs.

As part of the program the unit launched the Durban Fashion fair which functions as a platform for the fashion business to access markets, the fair offered an opportunity to local fashion designers to showcase their collected to the national and international buyers. The fair also afforded the designers the opportunity to market and promote their fashion businesses through the fashion media that attended the fair. The total PR generated from the fair was over to R5.2m. Twenty designers from the program were also given an opportunity to be part of a fashion pavilion at the Durban Business Fair.

The unit in partnership with KZFC sends 8 Durban based fashion designers to participate in the SA fashion week, 5 designers showcased at the KZN fashion show and all 8 designers were given an opportunity to promote their collection to the buyers in the SA Fashion Week Buyer's lounge. The unit also engaged in activations, where the unit was promoting the Durban Fashion Fair in the local and national platforms.

SUPPORT FOR SECTORS

Women Empowerment Programme

The Women Empowerment Conference was attended by over 300 business women and aspiring business people.

- Workshops and training = 310

Construction Indaba

The unit held the construction conference for the second time and it was attended by 250 contractors.

City Community Tourism Organization (CTOs)

The Forum for joint strategizing and implementation of tourism development programmes were also established. The CTO Forums comprise of 8 active CTOs, namely: Umhlanga, Inanda, Thousand Hills, Durban West, Clermont, Durban South, Umlazi, and Amanzimtoti. Quarterly workshops being conducted are well appreciated by the CTOs.

- Business Management Training –Tourism Sector = 60
- Curator Skills Development =40
- CTO training = 50
- Provision of infrastructure =25
- Tourism awareness workshop =30

Enterprise Development Summit

The unit has hosted enterprise development summits on 22 March 2013 and during April 2013 (attended by 120 and 250 entrepreneurs respectively).

Cooperative Development Programme

The programme aimed to improve and provide capacity building to the cooperatives by ensuring the improvement of the quality of service rendered.

- Business management training = 126
- Marketing management = 92
- Budget 2012/2013 - 100 people
- Cluster presentation -50 people
- Financial Conference 2012- 200 delegates
- International Day of cooperatives – 400 delegates

Business Indaba

- 30 May 2013 – North region = 470
- 12 June 2013 – South region = 690

MENTORSHIP AND NETWORKING SESSIONS

The unit hosted networking sessions with the following entities:

- Deloitte & Touche Mentorship =20
- Absa networking sessions = 150
- Global Entrepreneur Week = 250
- SAWEN Networking Session =120
- Strictly Ladies Forum =83
- Women in ICT Forum =80

INFRASTRUCTURE PROVISION

The Unit provided requisite infrastructure (R3 mil) in the following markets:

- Ezimbuzini Roof / Structure for cows and chickens

Tourism

Durban Tourism is the Destination Marketing Authority of the eThekwin Municipality with the responsibility of ensuring that there is sustained and consistent inflow of tourists into the greater eThekwin region. Durban's

position as the leading domestic destination needs to be protected especially after the 2010 FIFA WC. The cities that hosted WC matches have been exposed both locally and nationally and have been promoting their destinations to potential tourists from the same pool as an alternate option to Durban.

We have taken a strategic decision to broaden the tourism foot print for the eThekweni region, which historically marketed the city as a beach destination, by unlocking the rich cultural, historical and heritage experiences included in Inanda, Umlazi and Claremont. For the 2012/13 financial year the Inanda heritage route was widely promoted and included free guided tours. The total number of visitors to the Inanda heritage route from July 2012 to June 2013 was: local 9964 and 8761 international.

The establishment of CTO's in the townships will assist Durban Tourism in developing and marketing the experiences within each area.

The domestic tourism/visitor numbers into the city for the year is estimated to be in the region of 3, 1 million with an estimated socio economic impact of R9.44 billion and an estimated 19778 permanent jobs created.

The City hosted the Top Gear Festival for the second year with resounding success.

Our international marketing campaigns included the partnership with National Geographic in which a sixty second vignette was produced and televised on the National Geographic global television network 2800 times. A one hour documentary in partnership with Cape Town Tourism was produced and launched in London in April 2013 by the Deputy Mayor of Durban. The event was attended by travel agents, tour operators and travel media personnel from Europe. The documentary was broadcast in 160 countries and with a viewership in excess of 350 million in 16 languages. Work has commenced on the second documentary which will be launched in 2015.

The City hosted six African Cup of Nations Soccer matches during January/February 2013. These games provided a great opportunity for Durban to promote and showcase our tourism experiences and world class infrastructure to the world through Eurosport Television, the exclusive broadcast partner of AFCON. Durban partnership with Eurosport TV included a total of 210 thirty second TV adverts of Durban before, during and after the games with interviews of some of the fans. They also televised some of the footage of Durban's tourism assets such as uShaka, ICC, Gateway Shopping mall and the Inanda Heritage Route. Eurospot TV reaches 130 million viewers in 59 countries which include many of our international source tourism markets.

Strategic Projects

The Strategic Project Unit is tasked with the project management and implementation of strategic projects in support of the various economic development programmes which fall within this Cluster.

Since inception of the Unit in 2006, the focus of its attention has been the overall project management of the 2010 World Cup and its various supporting programmes. More recently the Unit has continued with the upgrading of the Central Beachfront and development of operating maintenance initiatives for landscaping, electrical infrastructure and security along the entire Central Beachfront. The Unit has also continued to fulfil an oversight role at the Moses Mabhida Stadium in respect of the Caretaker Operator, Capital projects and operating expenditure controls.

In addition to the above, the Unit has continued to build on its close linkage to the eThekweni Transport Authority in providing project management and implementation support in the roll-out of cycle lanes as a component the ETA's Non-motorised Transport initiative and also the infrastructure works for the successful hosting of the Top Gear Festival.

The current year saw the commencement of the third and final phase of the Central Beachfront Upgrading with the scope of works including completion of the promenade between Country Club Beach and Blue Lagoon Beach, improvements to the protection works along the southern bank of the uMgeni River and the Blue Lagoon

Groyne, traffic improvements on Snell Parade and at Blue Lagoon, landscaping and dune rehabilitation works and improved open area public facilities. Completion is due in December 2013.

Capital expenditure for the year under review was R 106,1m with some R 93,5m being for Central Beachfront upgrading works and R 11,6m being for capital works at the Moses Mabhida Stadium.

Operating expenditure for the Unit (excluding the Moses Mabhida Stadium) for the year under review was R 46,3m. The operating expenditure for the Moses Mabhida Stadium was R 217 million while operating revenue was R 77 million.

As this Unit is responsible for packaging, unlocking and implementing strategic projects, the focus going forward will in all likelihood be in the redevelopment of back-of-beach areas and other strategic projects within the Municipality.

Economic Employment by Sector	
Sector	2012/2013
Agriculture	11 803
Mining	371
Manufacturing	175 966
Electricity	4 987
Construction	37 489
Trade	128 381
Transport	57 462
Finance	141 316
Community services	203 172
Households	87 507

Economic Employment by Sector	
Sector	2012/2013
Agriculture	2 137 751
Mining	262 990
Manufacturing	41 514 180
Electricity	3 933 243
Construction	6 120 836
Trade	31 521 696
Transport	29 739 607
Finance	41 252 448
Community services	32 089 527

Job creation through EPWP* projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
2011/2012		35444
2012/2013		6087.55
* Expanded Public Works Programme		

3.11 SECURITY AND SAFETY

INTRODUCTION

Durban Metropolitan Police remain committed to fulfilling its legislated responsibility in terms of Traffic, Bylaws and Crime Prevention and to this end the key performance targets have been met notwithstanding the number of controversial issues that plagued the department during the year. Examples of such issues are:

- Demonstrations by the taxi industry due to their dissatisfaction of police clampdown on transgressions whilst utilising public roads. Numerous meetings were held with relevant stakeholders to address this issue and enforcement has also commenced.
- Demonstrations against the Head by unsatisfied employees aligned to SAMWU which are being addressed by senior management of the Municipality.
- Due to numerous internal staff related problems the department also engaged service providers and embarked on a wellness drive to deal with numerous issues effecting members in the department.

Police management continues to work in close collaboration with other Council departments; relevant Provincial and National components and Community based organisations to meet needs of communities and achieving the vision of a safe and secure City.

Highlights of 2012/2013

- Special operations were planned during the year to meet specific community needs especially with regard to housebreaking and other robberies. Implementation of blue light patrols in vulnerable neighbourhoods proved successful in deterring crime in and police remain vigilant in detecting crime patterns before they migrate to other areas of the municipality
- Hosting of two extraordinary events, viz. TOP GEAR festival and AFCON CUP in the same vein as the Soccer World Cup 2010, showcased the professionalism of Durban Metropolitan Police Service.
- The police department is a major role player in the City Manager's clean- up campaign in providing security to other departments and identifying transgressions within the City.
- Assisting neighbouring municipalities in the provision of Training for their recruits.

Facilitates new and upgrades

Funding of R600 000 provided for upgrades at the Verulam Testing Centre. This will include the acquisition of a park home structure, which coupled with additional eye testing and fingerprinting equipment provided by the Department of Transport will result in greater efficiencies at this office.

Crime

Whilst the reduction in crime is noted for the second consecutive year, there are still areas of concern within the Municipality, for which Durban Metropolitan Police Service together with other stakeholders and role players have prioritised. These relate in the main to common law offences such as murders, robberies, hijacking, theft of and out of motor vehicles and housebreaking. Statutory offences such as drunken driving and drug related crimes are also of a serious concern and statistics reveal an increase in arrests for these two crimes.

A number of police officers received commendations from various organisations for arrests and recoveries of stolen property during the year. Special mention must be made of the following three major arrests:

In November 2012, a suspect was arrested for business robbery and linked to 29 other business robberies.

In March 2013, a suspect was arrested in KwaMashu for car hijacking and linked to 11 other cases of hijackings.

In May 2013, a suspect was arrested for housebreaking and linked to 23 other cases of house breakings.

Traffic

Road works and defective trucks are two major contributory factors to traffic congestion during peak periods. Traffic congestion around Umgeni road and N2 will be reduced once the road works are completed. The issue with trucks however is still a major concern and Durban Metropolitan Police Service is further hampered by the lack of holding facilities for trucks and specific tow trucks to impound trucks.

Plans are underway to purchase a heavy duty tow truck and to assign an area for pound facilities in order to effectively manage trucks obstructing the flow of traffic and other contraventions of the National Road Traffic Act

Fines Processing and Drivers Test Centre

A new tender will be shortly advertised calling for proposals relating to technology to assist officers on the ground. The tender will include, inter alia:

- Technology to issue charges electronically, and which can be processed online,
- Mobile automatic number plate recognition systems fitted into police vehicles , to assist in identifying motorists with outstanding fines , whilst travelling within city, rather than rely on stationary roadblocks,
- Additional enforcement technology for deployment across the city

The income generated in the 2012/2013 financial year by the Traffic Fine Unit is R67m, Vehicle Licencing (R12m) and the Driver Licence Test centres (R28m). The challenges facing these entities are the waiting period for driver's tests and infrastructure. The waiting periods for learner and driver tests within these facilities have been maintained and still shorter than other centres in the Province. It should also be noted that in order to improve service availability to the residents of eThekweni these facilities are now open two weekends a month (Saturday and Sunday).

Bylaws

As identified in the 2011/2012 report the need for a common set of Bylaws for the City is still a pressing concern. The Legal Unit has made significant strides in finalising this issue and it is still anticipated that a new set of bylaws will be available for implementation in 2013.

Table 3.11.1 Metropolitan Police Service Data

Details		2009/10	2010/11		2011/12		2012/2013	
		Actual No.	Target No.	Actual No.	Target No.	Actual No.	Target No	Actual No.
1	Number of By-Law Infringements attended	250513	278348	161502	177652	272957	815007 traffic and bylaws as per SDBIP	841300 traffic and bylaws
2	Number of Police officers in the field on an average day	520	1009	851	1009	792	922	799
3	Number of police officers on duty on an average day	620	1109	906	1109	941	1071	1009

3.12 DISASTER MANAGEMENT

INTRODUCTION

The Disaster Management and Emergency Control Unit was established as a new unit in January 2011 and provides, across the entire municipal area on a 24/7 basis, emergency services in terms of call taking and dispatching for all emergency situations for Fire, Metro Police, etc., CCTV crime surveillance and traffic monitoring as well as disaster management operations and programs and risk assessment and reduction programs.

The Unit also provides support for the business plans of various municipal departments by providing strategic guidance, planning, executing and carrying responsibility for quality management pertaining to projects in terms of project outputs, scope, time, quality and cost with reference to implementing technologies to move the municipality to a stable and improved networking, electronic and communications infrastructure catering for the upliftment of the citizens.

The Unit consists of:

1. Disaster Management
2. Emergency Mobilising and Communication Centre (EMACC)
3. CCTV Control Room
4. Technical and Specialised Services
5. Administration

1. DISASTER MANAGEMENT

The Disaster Management function is mandated by way of the Disaster Management Act 57 of 2002 and the National and Local Disaster Management Frameworks, the latter reflecting four Key Performance Areas [KPA's] and three Performance Enablers [PE's]. These KPA's and PE's form the basis of all disaster management programmes, with Risk reduction being the primary goal.

1.1. Municipal Disaster Management Centre [MDMC]

The Disaster Operations Centre [DOC] becomes operational during disasters, serious emergency incidents, major exercises, and during major events. It is the platform from which coordinated operations are run. The DOC has a network infrastructure which facilitates linkage and integration of CCTV, communications, incident log and other spatial and non spatial data and can display this onto a video wall board. The City played host to the CAF African Cup of Nations during January / February 2013. For a three week period, operations were coordinated from this Centre with its links to visual information and communications. Strike action within the city was also monitored from this venue with role-players from various disciplines participating in event management.

The Disaster Management department are continuously hosting national and international delegations who visit our centre in order to network with our staff and benchmark their needs against what we have.

1.2 SDBIP PROJECTS LINKED WITH THE IDP

The following programmes were undertaken during the past financial year and achieved the targets indicated. Further explanation on the projects is explained below.

1.2.1 Risk Assessment

A disaster risk assessment is a process to determine the nature and extent of risk by analysing potential hazards and evaluating existing conditions of vulnerability that could pose a potential threat, or cause harm to people, property, livelihoods and the environment on which they depend. Risk assessments are based on the technical features of hazards, such as their location, intensity, frequency, probability and an analysis of the physical, social, economic and environmental dimensions of vulnerability and the coping capabilities pertinent to the risk scenarios.

The Disaster Management and Emergency Control Unit has commenced with a comprehensive city wide risk assessment study. An external service provider has been awarded the contract to undertake the risk assessment. The risk assessment process will be conducted using a staged approach, commencing with the collation of spatial and non-spatial data and the analysis thereof. The information generated will affect all Council Clusters and will address developmental initiatives, risk reduction strategies, and how vulnerabilities are classified, categorised

and prioritised. The outcome of the study must inform all risk reduction initiatives implemented by all Departments in the Council.

One of the objectives of the Risk Assessment is to identify the most vulnerable communities, invariably those in informal settlements and in close proximity to Major Hazardous Installations. The intention is to reduce risk exposure through appropriate programmes.

1.2.2 Establishment of an Advisory Forum

The establishment of an Advisory Forum at Metropolitan Council level is optional. Nevertheless, the eThekweni Municipality has elected to implement this structure as an advisory and consultative body in order to draw in community and professional representation. The Forum will aid the City to identify priorities and give input on risk reduction initiatives. The information generated will affect all Council Clusters and will address developmental initiatives, risk reduction strategies, and how vulnerabilities are classified, categorised and prioritised. The Forum with three Technical Task Teams has been approved at DCM level and a two-pronged approach will be implemented; the first to enlist an internal component of officials and the second approach to invite participation from other Government sectors, academic institutions, NGOs and the general public.

1.2.3 Corporate Disaster Management Plan

The Corporate Disaster Management Plan has been developed and submitted to Committee for approval. The purpose of the Plan is to outline policy and procedures for both the pro-active disaster prevention and the reactive disaster response and recovery phases of the disaster management continuum. It focuses on facilitating multi-agency and multi-jurisdictional coordination, with emphasis on emerging crisis or novel events. The Plan provides the broad framework within which the disaster management planning requirements of the Act will be implemented by various departments of Council. It establishes the directives for risk reduction initiatives and the strategic incident management protocols in the event of a disaster occurring or threatening to occur.

1.2.4 Volunteer Programme

Ward-based Disaster Management components have been established in forty five percent of the one hundred and three Wards in the Municipality. Volunteers are trained in disciplines such as First Aid, Home-based care, trauma counselling and fire fighting. The programme assists in risk awareness, public education, skills development, emergency response and community-spirit upliftment.

In compliance with the Disaster Management Regulations for Volunteers, 300 persons have been medically processed and signed up as formal Disaster Management volunteers. Sixty of those have attended a fire training course and can be deployed in support of the Brigade if so required. The skills-training afforded to these volunteers facilitates their deployment at events or incidents under the umbrella of Disaster Management and related disciplines.

1.3 SERVICE STATISTICS FOR DISASTER MANAGEMENT – Response and Relief

Major Storm Related Incident Response	<ul style="list-style-type: none">• 21 September 2012• 11 – 12 December 2012		
Blankets Issued	4767	Fire related: 174	Rainstorms: 69
Food Packs	4827		
Mattresses Issued	135		
Declared Disasters	11 – 12 December 2012 Storm Damage		

2. EMERGENCY MOBILISING AND COMMUNICATIONS CENTRE (EMACC)

2.1 The background to operations

This Branch falls within the Unit of Disaster Management and Emergency Control. The centre is positioned within the Municipal Disaster Management Centre and is the emergency call centre for the City of Durban. It is a 24/7 operational centre with a hot standby disaster recovery centre that is positioned at the Pinetown Fire station. As such, continuity of service is ensured if in any event this primary facility becomes inoperable. The centre is populated with 18 telephone and radio operators with 1 supervisor at any given time. The centre services the city by receiving telephone calls from citizens of the City that are faced with potential life and property threatening emergencies through its emergency contact number 031 3610000. These calls for assistance are acted upon by the alerting and despatching of municipal ground forces i.e. metro police, fire and disaster management, to deal with property and life threatening emergencies.

The strategy of the branch is to afford all citizens within the city the ability to reach emergency services timeously when the need arises as every second during a life and property threatening emergency is vital.

2.2 EMACC projects

One of the major SDBIP projects that have been embarked on is the educating of vulnerable groups to utilise the emergency number which is essentially a marketing plan. This is achieved through the public participation Masakhane campaign and also through education programs run by the fire safety department at various schools in the City.

We have to date reached a number of people especially in wards that are deemed to be vulnerable areas. In the 2012/2013 period we have reached in excess of 5000 people through the Masakhane and education programs.

The centre also uses a computer aided call taking and despatch system to log and mobilise resources from the emergency services in the City. A project to migrate from the current analogue computer system to a web based system has been started and it is anticipated that the contract will be awarded by the end of the current year. We currently are awaiting the finalisation of the process which will allow us to match to world class trends in so far as call logging systems are concerned.

2.3 Statistics for the EMACC centre 2012/2013.

	July 2012	August 2012	September 2012	October 2012	November 2012	December 2012	January 2013	February 2013	March 2013	April 2013	May 2013	June 2013	Total
Total Calls	15246	16211	14595	16099	16077	18376	15737	13015	16999	15982	13830	15607	187774
Other Service Calls	11698	12362	11750	13454	12574	14472	13180	10117	12942	12238	10079	11000	145866
Metro Police Incidents	5271	5513	5548	5942	5894	6635	4734	4168	5544	5763	4819	5366	65197
Metro Fire Incidents	2095	1623	1021	914	868	1144	829	881	1234	1018	1120	1647	14394

Average Calls received for July 2012 –June 2013	: 15 648
Average other service calls for July 2012 – June 2013	: 12 156
Average Metro Police incidents for July 2012-June 2013	: 5 433
Average Fire Incidents for July 2012-June 2013	: 1 200

3. CCTV OPERATIONS

Closed circuit television is a mechanism used to monitor through cameras positioned at various areas within eThekweni where there are high crime incidents and traffic congestions and to ensure that CCTV coverage is used to assist in policing crime. The system is designed to offer reassurance to the public and create a sense of security and awareness. CCTV is aimed to deter crime and anti- social behaviour within the city. Active surveillance systems which monitor live provide the advantage of being able to detect suspicious activities and facilitating immediate response of law enforcement agencies. CCTV provides evidence supporting police and other statutory authorities in prosecution of criminal activities. The ability to review footage has aided many investigations and successful convictions. We monitor traffic for the purpose of advising and informing response agencies responsible for traffic management and enforcement. It is used widely to monitor all big events in the city and provide a live feed to Disaster Operations Centre to display on the video wall. This has proven to be a critical support function to the multi-agency joint operations command teams that have operated at Disaster Operations Centre during such major operations.

3.1 Closed Circuit Television

A major revamping of the closed circuit television was completed in 2010. This has enabled the city to monitor major events including crime activities that are taking place within eThekweni Municipality.

3.2 Crime Analysis

We don't have crime analyst currently, we use crime stats from S.A.P.S and our stats to plan for effective operation. Video wall is provided for the centre to keep track of movement of crime within the city. We are busy compiling a plan for crime prevention and bench marking with the best CCTV centres nationally.

3.3 Challenges

The challenge of the centre is assigning an integrated response team such as Metro Police and SAPS in order for a more effective operation.

3.4 CCTV Operations Statistics

July 2012 to June 2013 Stats Analysis

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
CRIME	48	95	67	78	69	75	233	257	245	202	340	270
ARREST	22	21	34	27	10	19	78	48	80	63	40	36
CODE 3	103	71	103	47	93	139	114	108	165	157	234	143
CODE 4	61	63	102	61	85	120	97	109	165	168	120	112
CODE 17	91	83	150	83	172	221	240	353	511	362	320	250
CODE 21	10	20	35	14	16	18	25	66	129	81	66	51
PUBLIC REALM	4	5	9	4	14	13	6	61	94	59	89	40
TOTAL	339	358	500	314	459	605	793	1002	1389	1092	1119	902

4. TECHNICAL AND SPECIALISED SERVICES

Technical and Specialised Services are advantageously positioned and have over the previous year's developed into a fully functional, supportive, electronic project engineering consultancy with maintenance and advisory structures backing up the various systems and equipment purchased, installed and commissioned across the Municipality.

The overall purpose of the section is to research, maintain, improve and implement technologies to move the Municipality into a stable and improved networking, electronic and communications infrastructure catering for the benefit of the citizens.

4.1 Engineering Consultancy Services

Complete consultancy services are provided by "in house" professional engineers to various Council departments in terms of user's requirements, system design, technical specifications and complete tender/contract documentation submitted to the Tender Department.

The professional expertise also includes compliance with Supply Chain Management Policy and Regulations, representation and support to the Bid Specifications Committee, the compilation of reports in respect of tender evaluation and recommendations submitted and presented to the Bid Evaluation and Bid Adjudication Committees. Substantial Council financial savings at about R1.0 million contracts were obtained by using in-house expertise and avoiding the appointment of outside consultants.

During the 2012/2013 financial year two contracts were finalised by the department for a public address system and the renewal of licenses for the emergency services system.

This department also negotiates and submits for approval of Council's senior management contracts with third parties regarding the partial usage and leasing of Council's CCTV infrastructure. The MTN contract had been finalised and extended to also include Cell C for leasing space on CCTV sites at a cost of R 5000 per month per site with future expansion for 2013/2014 financial year. Telkom has also submitted a similar request.

An important part of departmental activities during this financial year has been the planning, assessing and estimating the new projects for the next three financial years. Reports were submitted to Finance and Treasury to obtain the necessary funding and were in the main successful and approved. Attention was given to the future unit strategic projects such as the roll out of CCTV, crime surveillance areas across the municipal area.

As part of CCTV strategy two new control rooms in Pinetown and Durban Beachfront have been constructed in 2012/2013 and a new control room in Ntuzuma is being planned for construction.

The CCTV system has been rolled out to new areas such as Outer West, Isipingo, and INK areas while specialised CCTV system for Disaster Management strategic monitoring is in the process of implementation, with phase 1 being completed during the 2012/2013 financial year.

Phase 1 of a CCTV system dedicated to integrate and monitor banking halls for Chatsworth, Phoenix and Florence Mkhize treasury building was also implemented during 2012/2013 financial year.

Main clients:

- CCTV crime surveillance and traffic monitoring,
- Emergency Call Centre,

- ETA,
- Metro Police Services,
- Strategic Projects Unit,
- City Hall,
- Parks and Recreation,
- ABM SDB and INK etc.

4.2 Professional Project Management Service

Technical and Specialised Services provide “turnkey” project management services. These services include technical design, contract specifications and award and project implementation and management in terms of project outputs, scope, time, quality and cost. All permits, approvals and negotiations with third parties with regard to project compliance with various rules, regulations and legal requirements are also an integral part of the professional project management services provided.

During the 2012/2013 financial year seventeen medium to large size projects were undertaken and completed within the established framework for various Council’s business units. At the beginning of financial year no capital budget was allocated; a report was submitted in November 2012 for supplementary capital budget for 2012/2013 which was approved for R3.6 million. The work on this started in the second half of the year.

The preparation across the municipality for the AFCON event included three CCTV projects at Chatsworth and Kings Park stadia that were successfully completed within the time constraints.

Our clients include:

- Metro Police,
- Strategic Projects Unit,
- Isipingo Southern Basin,
- City Engineer’s and Disaster Management and Emergency Control Unit.

4.3 Maintenance Service

Complete maintenance services in terms of preventive, corrective and refurbishment maintenance as well as medium to long term maintenance planning and management are provided by in-house professional technicians and technologists. Maintenance meetings are held weekly.

Unit strategy to acquire its own technical expertise required for the implementation and maintenance of various state of the art systems that constitute the technical infrastructure on which all its emergency operations rely on has proved beneficial not only in terms of technical advantages and response time but also with respect to the financial cost associated.

Technical and Specialised Services provide complete maintenance services for the Council’s CCTV crime surveillance and traffic monitoring system comprising two hundred and fifty CCTV field sites, two control rooms and one remote ETA station and the City Hall system comprising more than one hundred CCTV cameras and one CCTV control room.

A comprehensive preventive maintenance program was implemented and the yearly target of maintaining 90% of the cameras available on line was achieved. For 2012/2013 financial year the mean figure was 93.55% of availability.

Measures implemented to improve service delivery such as remounting of CCTV equipment communication boxes at a greater height to prevent access by thieves, installation of alarm systems on CCTV sites with rapid response from Security Management Services for the 127 sites. This was achieved by submitting a report for 2012/2013 additional capital budget.

Repairs and refurbishment services are also provided to more than fifty of the Council's business entities, especially for Parks and Recreation, town halls and Sizakala offices.

Corrective maintenance was undertaken throughout the financial year for more than 52 sites.

Refurbishment maintenance was undertaken for 14 municipal beaches and Chatsworth Stadium.

4.4 Technical and Specialised Services Statistics

Type of Services	Qty	Council's annual financial savings	Council's annual financial income	Unit annual financial income/project management fees
SCM Contract (internal)	2	R 2 000 000.0		
MTN and Cell C Contracts (third party)	1		R 1 300 000.0	
Projects	17			R 300 000.0
Maintenance services	> 50 systems	substantial		

4.5 Constraints

The same problems were experienced as in the previous year. During the 2012/2013 Financial Year the Technical and Specialised Services has undertaken and performed its services under a severe staff shortage, the complement availability of only 7% has a disturbing impact on the wellbeing of the staff, resulting from exposure to unacceptable levels of stress, professional risks and exhaustion.

Long delays in the implementation of approved institutional changes in terms of placement process according to the new unit organogram, alignment of unit job descriptions with the Council's standards for professional posts, already classified by municipality as scarce skills posts, subsequent inability of management to attract and employ professional persons have a detrimental effect on staff demoralisation and consequent demotivation.

Furthermore the Department failed to implement the Council policy with regard to recruitment and retention of staff in the scarce skills positions. Council talent management strategy for technical staff suffered a similar fate despite the fact that this strategy was implemented for all technical departments across the council such as Electricity, City Engineers, ETA, Architectural Department etc...

3.13 FIRE AND EMERGENCY SERVICES

The Fire and Emergency Service is providing a range of emergency and safety services to the communities of the eThekweni Municipal Area [EMA]. These services include emergency response to fires and other incidents that threaten lives and property. To this end, the Operations branch of the unit provides a twenty-four hour service cover from nineteen fire stations strategically located throughout the EMA. Emergencies other than fire include persons trapped in motor vehicles following motor vehicle accidents; various other situations requiring persons to be rescued from machinery, fast-flowing water and the like. Changes in global climates has increased the potential of extreme weather events and the fire service has responded and provided much needed assistance during flash-floods and high wind conditions that have caused disruption and devastation to communities in the EMA.

A significant contribution to public safety from fire is made by the unit's Fire Safety branch that is responsible for ensuring that new and existing buildings conform to codes, standards and regulations framed to protect occupants and users in the event of fire. This activity is achieved through scrutinizing building plans prior to approval and by regularly inspecting buildings to ensure compliance with fire safety legislation. The branch is also responsible for investigating the origin and cause of fires in order to give advice on appropriate courses of action to prevent recurrence of similar incidents where possible.

Notwithstanding its objective to provide equitable services throughout the EMA, a rational assessment of fire risk against current resources suggests that an additional eight fire stations are needed in order to meet the recommended standards for protecting communities against fire. Three fire stations have been prioritised and are planned for the Verulam, Umkomaas and Cato Ridge areas. Acquiring the Verulam and Umkomaas sites identified for these stations has proved to be difficult. This has placed the achievement of the objective to extend emergency service cover to all areas of the EMA in jeopardy. Should it prove impossible to secure the identified permanent sites for the Verulam and Umkomaas fire stations, the unit intends implementing a "back-up" plan that involves providing temporary fire stations in these areas that – while not fully meeting the needs of the communities they serve – will enable the delivery of fire and emergency services at a reduced level. It is encouraging to report that the reinstatement following modification of an obsolete fire station in Cato Ridge is imminent. This fire station will provide fire cover to the rapidly growing Cato Ridge industrial area, the surrounding communities and the important N3 route linking the Durban Port to the industrial heartland of the country.

The relatively high death rate from fire in informal settlements indicates that these areas remain a serious challenge to fire and emergency services. It is clear that mere emergency response is insufficient to reduce deaths from fire in these areas, and a different approach is needed. The unit will in the coming year, be working with other agencies who have achieved success in this area. It is hoped that during the forthcoming restructuring process of the unit, the function of community safety training and education will enjoy the priority it deserves and that once developed will bring about a reduction in the fire death rate.

The unit has been actively involved in a range of projects ranging from the Cornubia township development to securing provision of access and fire-fighting water reticulation as a component of the Interim Services Project for informal housing. The EMA is host to a number of National Key Points which are of national significance. In many instances fire presents a significant risk to these key-points. The unit is therefore actively involved in assisting in the protection against fire in these areas that present challenges that require specialized technical inputs to resolve.

The service has facilitated the transfer of technical know-how between a highly regarded international fire vehicle manufacturer and a local vehicle builder, that has made it possible for the service to support the local economy by having the local builder supply a major fire engine that has proved to be of good construction and comparable to the imported unit, in terms of performance and build quality. It is hoped that this relationship will develop further in the future. The unit has assisted other district and local municipalities in KwaZulu-Natal with specifying and purchasing high-value fire engines, significantly improving the efficiency of the fire and emergency services in these municipalities. The unit is a significant contributor to National and Provincial initiatives aimed at

improving delivery of fire and emergency services through review of enabling legislation and mandates for fire services. To this end the unit is represented on the National Fire Service Advisory Committee, the Provincial Fire Services Coordinating Committee and various committees of the South African Bureau of Standards.

Phase I of the Illovo Fire Training Centre is complete and the opening of the centre is eagerly anticipated in the first quarter of next year. This is a significant milestone for the city and will not only facilitate live simulations of what operational fire-fighters are likely to face in practice, but will also – once complete – enable smaller municipalities to have their staff trained at the centre to a consistent recognised standard of competence. The centre will provide a revenue stream for the city through the training of learners from commercial and industrial establishments who chose to use the centre for training of their staff in a range of fire safety related programmes. The unit's Training branch has successfully completed Learnership programmes aimed at providing the unemployed with skills and experience necessary to secure them employment in the formal sector.

The unit is particularly proud of the academic achievements of its staff in the examinations of the Southern African Emergency Services Institute enabling it to be awarded the honour of having the most passes of any fire service in the country in 2012.

Progress has and will continue to be made in reaching a demographic profile representative of the EMA. The current complement of female fire-fighters forms a remarkable 11% of the total operational workforce.

Table 3.13.1 Metropolitan Fire Service Data	
Details	2012/13
Total fires attended in the year	9 091
Total of other incidents attended in the year	5 328
Fire fighters in post at year end	530
Total fire appliances at year end	78
Average number of appliance off the road during the year	104

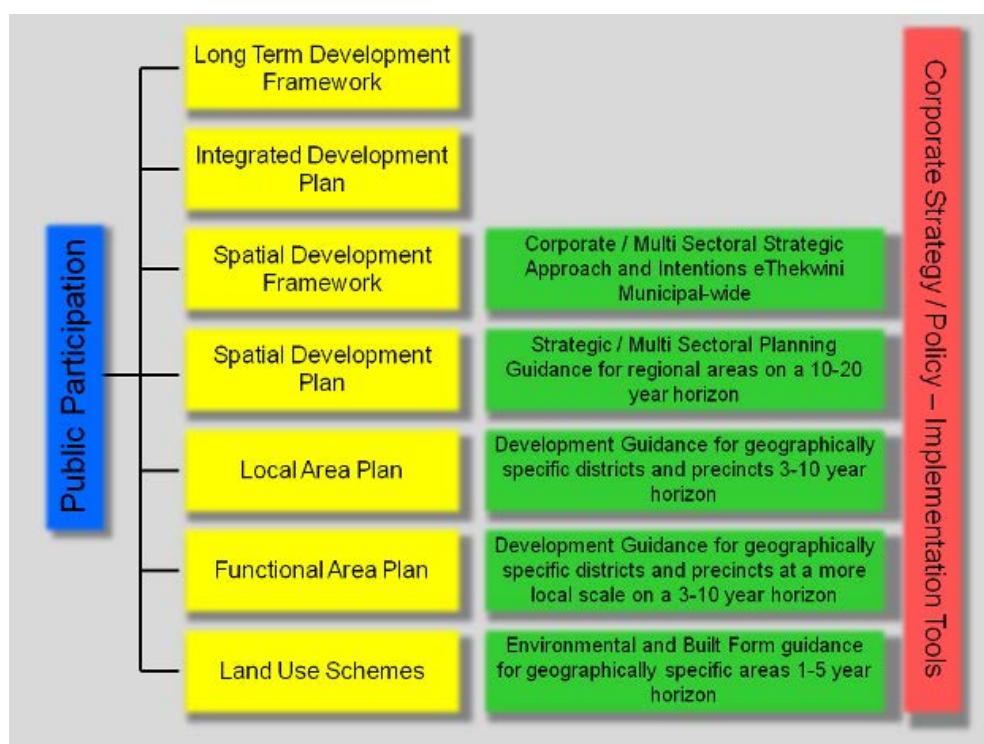
3.14 DEVELOPMENT PLANNING, ENVIRONMENT AND MANAGEMENT

INTRODUCTION

In broad terms the Unit's function is to lead, direct and manage the use of the built and natural environment to ensure the sustainable and integrated growth and development of our Municipality. The Municipality is committed to a sustainable development path that strives to balance social, ecological and economic priorities. To this end, the Unit comprises three core departments that contribute to the municipality's sustainability agenda viz: Development Planning, Development Management, and Environmental Planning & Climate Protection and supported by an executive and administrative component.

STRATEGIC SPATIAL PLANNING SYSTEM

EThekwin's Land Use Management and Spatial Planning system is based on a suite of plans which are cyclic integrated and subject to iterative processes and shows the move from Municipal wide strategic level plans to detailed local level plans and land-use schemes as depicted in the figure below:



Integrated Suite of Plans

Through innovation and best practice, the Strategic Spatial Planning system is aimed at achieving spatial transformation, economic vitality, environmental integrity, social sustainability (resilience) and responsible design whilst responding to the needs of citizens and aligning with national, provincial and local policies. This responsibility is to a large extent governed by the Municipal Systems Act (MSA) No 32 of 2000, which requires the municipality to prepare a Spatial Development Framework (SDF) as an integral component of the Integrated Development Plan (IDP)

The Strategic Spatial Planning Branch is responsible for preparing the suite of plans that directs growth and guides short, medium and long term development priorities, infrastructure planning and city budgets. In addition, it serves as the basis for managing land use, long term land uses within a sustainability frame.

PROJECT	STATUS
a)Spatial Development Framework annual review	Adopted by Council
b) Spatial Development Plans annual review	Adopted by Council
c)Tongaat/Inyaninga/DubeTradeport Functional Area Plan	Adopted by Council
d)eThekwini densification strategy	Adopted by Council
e)Northern Public Transport Corridor densification Phase II	Adopted by Council
f)Nsimbini rural Functional Area Plan	Adopted by Council
g)Back of Port Local Area Plan	Released for public comments
h)Master Class (Spatial Planning & Land Use Management)	Delivered (involving 8 municipalities across KZN)

In addition to the above, the unit significantly contributed to the hosting of and actively participated in the Planning Africa Conference held at the Inkosi Albert Luthuli Convention Centre. This is a biannual conference that brings together planning practitioners and academics from across the African Continent to explore solutions and share experiences in the planning and management of the built environment. The unit is also piloting a graduate placement programme for 2nd year Planning Masters students in partnership with UKZN and MILE aimed at assisting students obtain work experience as well as meet requirements for professional registration with the South African Council for Planners. The pilot was implemented in 12/13 and we have an initial intake of five learners who are being exposed to different aspects of planning over a period of 24 months.

LAND USE MANAGEMENT

Land Use Management Scheme is a critical component of the integrated suite of plans and largely deals with zoning and built form controls. The intent embodied within the suite of plans must be translated into the most appropriate zones and controls within the land use schemes. Land use management schemes are statutory planning tools that find their home in the statutes such as the KZN Planning and Development Act (Act No 6 of 2008) and the Town Planning Ordinance No 27 of 1949(Act 27 of 1949)(as amended). Applications in terms of the PDA include zonings, rezoning, scheme extensions, scheme amendments, subdivisions, consolidations, removal of restrictive conditions of title, development of land outside scheme areas, enforcement etc. Special Consent applications are still governed by the Town Planning Ordinance, 1949(as amended). All home businesses, building plans, business licences and zoning certificates are based on the Planning Schemes. A total of 13 276 planning applications were processed in the 12/13 financial year and a turnaround time of 98% was achieved.

It should be noted that prior to September 2012, there were 30 Town Planning Schemes within eThekwini. These have now been rationalised to 5 Planning Schemes within the Councils area of jurisdiction and have also been translated into a new land use management format. This intervention will go a long way in eliminating inconsistency and confusion to the benefit of our customers. During this year, the unit also created for the first time a Primary Planning Scheme which responds to all the areas previously known as “R293” townships including Umlazi, amongst others. The first rural elementary Scheme for eThekwini was created and piloted in the Umnini Traditional Area. This intervention will assist the municipality and Traditional Councils to address land use planning and management in Traditional Authority areas more effectively.

COASTAL MANAGEMENT STRATEGY

The eThekwini coastal management strategy has been developed over the last few years. This strategy, reflecting the requirements of the Integrated Coastal Management Act as well as the draft KZN provincial policy, has identified 14 key strategic objectives for coastal management. These are:

- Development and implementation of Coastal Management Plans at each of the Coastal Management Areas
- KwaZulu-Natal Beach Tourism Plan

- Coastal Recreation/ Tourism Development Plan
- Estuary Management Plans for each estuary
- Event Management Plans
- Coastal Water Quality Improvements
- Coastal Legislation and Bylaw Development
- Coastal Education and Awareness
- Sustaining the supply of environmental goods and services
- Managing Development in the Coastal Zone
- Coastal Structures Management and Coastal Engineering
- Sustainable Coastal Livelihoods Programme (Poverty Relief Focussed)
- Climate change planning and adaptation i.e. Sea Level Rise
- Disaster management and preparedness

The eThekweni Coastal Strategy has been endorsed by the Human Settlements and Infrastructure as well as the Economic and Development committee. The development of the Municipal Coastal Management Programme will now be prepared.

STATE OF BIODIVERSITY

The State of Biodiversity report was produced in December 2011 and contained data for the 2010/2011 municipal financial year. The State of Biodiversity report presents qualitative and quantitative data, which describes the status of biodiversity in the eThekweni Municipal Area (EMA), highlights key threats to this biodiversity, and allows for the tracking of spatial and temporal biodiversity trends in the EMA and nationally.

BUILDING REGULATIONS

15 604 Building applications received for the financial year (2012/13) of which 8 718 were new (first time) applications. 6 885 applications were refused either on the first, or on subsequent submissions, with 4 934 applications being approved. Of the 15 604 applications received 97% were decided upon within the statutory timeframes, being within 30 days for applications with an architectural area of <500m² and 60 days for those 500m².

The number of applications refused for non-compliance is indicative of the quality of applications being submitted possibly due in part to the new regulations and standards.

It is anticipated that the implementation of BPM will enable better monitoring resulting in achieving the prescribed timeframes.

Enforcement and Prosecution Branch

The enforcement and Prosecution Branch focuses its efforts on the following areas:

Enforcement of the National Building Regulations and Standards Act, Planning and Development Act.

Statistics

Summons processed –5323

Summons served –4237

Warrant of arrest authorized –330

Warrant of arrest executed - 194

Percentage of enforcement and prosecution cases dealt with within 30 days – 3929

Number of illegal land use and development cases successfully stopped – 6

Number of land Use cases Prosecuted – 25

Number of building non-compliance cases successfully stopped – 1529
Number of Building cases prosecuted – 2605
Total Cases for the year – 4165

Integrates Customer Services Management (iCSM)

Integrated Customer Services Management system (iCSM) is the system used to respond efficiently to various 'complaints' received by the public. iCSM is web based and also employs a workflow based process driven approach. The system went 'live' in all our 5 regional offices in June 2010.

The process is used to identify the type/nature of complaint which is then routed to the respective Regions, Branches, and Officials for their prompt action and response. The system provides for feed-back to the complainant via email, telephone and/or sms - to the preference of the complainant.

The system is able to handle multiple complaints that require responses from various branches, e.g. Enforcement, Town Planning and/or Building Inspectorate. The 'multiple' complaint is logged in as a single complaint and is routed to the various branches to respond accordingly to the complainant.

The system has service level agreements in place for timeous responses by the various branches and their officials. It makes the department more accountable and is designed to improve individual work performances. Full audit trails relating to the complaint is also available if needed.

Programme: Ensure the long-term sustainability of the natural resource base

Project: State of Biodiversity Reporting

Tracking spatial changes in biodiversity and ecosystem services over time is a primary method of ensuring that appropriate management interventions can be put into place before natural thresholds are exceeded, and the loss of biodiversity and related services put humanity at increasing risk (e.g. from food and water insecurity and extreme events). The State of Biodiversity report is one of the Environmental Planning and Climate Protection Department's (EPCPD) most important communication tools, not only summarizing the work that the EPCPD, and our sister branches, Natural Resources and the Natural Science Museum do in terms of protecting and managing the Durban Metropolitan Open Space System (D'MOSS), but also providing indicators that collate spatial and temporal information on biodiversity in Durban. The report is produced annually and can be used as a tool to inform decision-making around activities that will impact positively or negatively on the city's biodiversity. In the 2012/2013 financial year the fourth State of Biodiversity was produced and reported on information relevant to the previous financial year (2011/2012). This report introduced the concept of Planetary Boundaries and a Safe Operating Space for Humanity. Another very important addition was a strong focus on ecosystem-based adaptation and the green economy – demonstrating the important link between biodiversity conservation, global environmental change, poverty alleviation and human wellbeing.

Key observations

- Scientifically-derived quantitative targets for 14 key vegetation types in the city indicate that four of these (KZN Sandstone Sourveld, North and South Coast Grasslands and Swamp Forest) are endangered (high risk of extinction in the wild) or critically endangered (extremely high risk of extinction in the wild) and that a further six are at the point where continued transformation will result in them being equally threatened. This is due to the increasing levels of threat that these natural environments face i.e., habitat transformation (fragmentation, degradation and destruction of natural areas), invasive alien species, over-exploitation (e.g., sandmining) and human induced climate change.
- *Land acquisition.* The land acquisition as undertaken by the Environmental Planning and Climate Protection Department is part of a drive to ensure the sustained supply of ecosystem services to the residents of the city. The properties that the Municipality acquires all fall within the Durban Metropolitan Open Space System (D'MOSS), are usually undeveloped, either private or other state-owned and are considered essential

for meeting the Municipality's sustainable development, biodiversity conservation and climate protection obligations and objectives. In 2012/2013, a total area of 134.04 hectares was acquired at a total cost of R4,243,491.14.

- An alarming decline in the population of the Critically Endangered Black-headed Dwarf Chameleon was noted. A meeting has been held with eThekweni Municipality's Natural Resource Division to discuss the management of one of the sites where this chameleon occurs to improve the habitat available for this KZN endemic species.

Project: Durban Metropolitan Open Space System (D'MOSS) and Systematic Conservation Plan (SCP)

In 2012/2013 it was found that technical problems associated with integration of the KZN vegetation data with the city's fine scale land class layer resulted in errors in certain aspects of the plan. This necessitated the complete remapping of a new integrated layer. The new vegetation descriptions used to inform mapping have been completed, and this has allowed re-mapping to commence. Species feature datasets have been updated, most notably the plants, and has involved the convening of a specialist workshop. A composite layer of wetlands within the Municipality incorporating eThekweni Municipality, SANBI and EKZNW wetland layers has also been produced. A draft biodiversity sector plan draft has been compiled, which will significantly reduce the lag time between SCP and biodiversity sector plan completion.

Project: Large-scale implementation programmes for biodiversity, climate and green job creation

Working on Fire

An implementing agent was appointed to undertake the WoF programme, and work on site has been successful in invasive alien plant clearing and fire management. A veld condition assessment was undertaken, in order to guide management decisions. Fixed point photography was also included to allow visual assessment of work over time. Detailed mapping of all site activities has been implemented to allow for the development of improved burning and IAP management regimes and Problems with previous reporting were successfully resolved.

Working for Ecosystems

Implementation of the WFE programme is on-going. Good success was achieved on the ground, in terms of IAP control and small business development/support. A pilot project to manage natural areas as part of a community housing project was initiated at Hulett's Bush, and to date this is running well. Research within Working for Ecosystems is progressing on two fronts, namely 1) Value-added industries, and 2) sustainable learning pathways linked to Expanded Public Works Programmes and other job creation opportunities in order to strengthen green jobs development.

Reforestation programmes

Appointment of an implementing agent for the Buffelsdraai and Inanda Reforestation projects was successful. Both projects are on target in terms of tree planting. Funding from the National Green fund (approx. R39 million) was secured for the above reforestation projects, as well as for Paradise Valley, for a three year period. The funds will be used to augment existing work, but will also be used to support new initiatives, including infrastructure upgrades, acquisition of vehicles, educational programmes, advocacy and stewardship interventions as well as research. The proposed research partnership with UKZN has made significant progress, and a MoA is currently undergoing a legal review.

Project: Targeted implementation tools for sustaining biodiversity

Invasive Alien Strategy and audit

The Invasive Alien Species Framework Strategy and Action Plan were updated. Several projects within the plan were completed, including: updating the Emerging Weeds document; updating the State of Invasive Species

document; redesign and printing of Beautiful but Dangerous posters and flash cards; development of the new Emerging Weed Spotter Website; implementation of IAP control training for EPCPD staff and staff in several departments; audits of selected municipal landscaped parks and nurseries and feedback from the previous audits was presented to the Parks, Leisure and Cemeteries Department and a generic management plan was developed and submitted to the same department.

Biodiversity Stewardship

Biodiversity Stewardship is a new, proactive, intervention that the eThekweni Municipality is exploring, involving strong public-private partnerships that result in good biodiversity management practice and in tangible benefits for landowners. In 2012/2013, a task team was set up comprising members of all the branches of the Environmental Planning and Climate Protection Department with the aim of engaging in meaningful discussion on how to take stewardship forward in the city. The task team has outlined goals and objectives for stewardship and has identified potential incentives and benefits for both formal and traditional owned areas in the municipality. Initial outreach, centering on partnerships, has begun with the tribal authorities and Ingonyama Trust Board. A framework implementation plan is currently in draft and will be completed in the new financial year.

Giba Gorge Environmental Precinct (GGEP)

The Giba Gorge Environmental Precinct Special Rating Area had a successful year of management in 2012/2013. The work team has been increased to 10 individuals, sourced from BBBEE contractors. The consequent benefits include large areas of dense alien plants being cleared, significant portions of endangered grassland and forest vegetation types being enhanced and protected, a new trail to McIntosh falls being completed, and benches and associated amenities being placed in areas around the special rating area (SRA). The secondary benefits of the SRA include assisting local church groups in educating young children on the environment, assisting a Tshelimnyama fire wood collection team in the collection of suitable alien plant wood and facilitating the establishment of a freely accessible amenity for the residents of the Municipality.

Environmental Town Planning Initiatives

Resulting from the 2010 initiative to incorporate the Durban Metropolitan Open Space System (D'MOSS) into all town planning Schemes, court action was initiated by certain objectors to have the proposal declared unconstitutional. On 14 November 2012, the High Court in Pietermaritzburg heard argument by all parties and in January 2013 the Court ruled against the Applicant and ruled that the application of environmental legislation in the Schemes is not unconstitutional. No appeal was lodged by the Applicant. The Department is now in the process of updating all the Schemes in order that the provisions pertaining to D'MOSS are reflected in the Regulations and on the Scheme Maps. This will further the Municipality's aims to protect and enhance biodiversity and the ecosystem services it provides.

Critical environmental assets secured using Non-User Conservation System (NUCS)

The NUCS system is operational and continues to be maintained. During the 2012/2013 financial year, a review of the effectiveness of the NUCS process was undertaken and a report documented existing challenges and proposed recommendations. This information will be used to improve the NUCS process going forward.

Project: Biodiversity impact assessment

Meeting scorecard stipulated processing times for applications:

The scorecard target has been met in all categories of applications. The average number of days per category is as follows:

Logging and allocation times: 2 days.

Assessment Times:

Building Plans - 7 days;

Planning Applications - 8 days;

Housing Applications - 7 days;

EIAs - 15 days;

Mining Applications - 11 days;

Enquiries - 7.5 days.

Establish a Monitoring System for relevant developments

Sites for monitoring were prioritised at the beginning of the financial year. Monitoring has been undertaken as needed.

Project: Ensuring compliance of municipal developments with National, Provincial and Local environmental laws

Screening of projects for EIA requirements has been undertaken as and when required. In total, 127 project screening requests were received during the financial year and 101 projects were screened within scorecard timeframes. 75 environmental reports were reviewed during this period, 71 within scorecard timeframes.

Project: Develop and implement capacity building programmes.

Two, one day EIA training sessions were held and attended by approximately 60 municipal officials. For these sessions, representatives from the Department of Agriculture and Environmental Affairs were invited to present on different provisions of the applicable legislation. .

In addition, training on environmental enforcement issues was delivered to the Parks, Leisure and Cemeteries Department interns and to the Duzi Umgeni Conservation Trust (DUCT) operational officials.

Project: Establish an effective compliance and enforcement function to protect key biodiversity and ecosystem goods and services.

All complaints received by the department have been dealt with within an average of 5 days. In total, 77 complaints were received. Enforcement action has been undertaken on a number of cases. These cases are now at various stages of administrative, civil or criminal action.

Project: Communication and awareness

Environmental forums

The Biodiversity Forum provides an excellent opportunity for stakeholders from both the public and private sectors to share information, express ideas around biodiversity conservation and management, and for Municipal Departments to provide updates to the public on biodiversity-related projects. Topics presented and discussed in the 2012/2013 financial year included Estuarine Conservation (Marine and Estuarine Research); Water Conservation Initiatives (eThekweni Water and Sanitation); Giving Conservation Wings in eThekweni (Birdlife Port Natal); Environmental Enforcement at Local Government (EPCPD); Custodians of Rare and Endangered Wildflowers (CREW) Programme (CREW); Giba Gorge Environmental Precinct: A Pilot Environmental Special Rating Area (EPCPD).

Documents and publications

The following documents have been produced by the Environmental Planning and Climate Protection Department during the 2012/2013 year:

- 'Beautiful but Dangerous' Posters and Flashcards – These provide images and information on invasive alien plants
- Amakhosi Information document - An information document explaining environmental requirements has been produced for Tribal Authority leadership..
- State of Wetlands report for the Municipality - This details the extent, character and condition of wetlands within the municipal area. In addition, a wetland shapefile was developed as part of this work and has been incorporated into the Environmental Information Network and is one of the datasets that supports the assessment of development applications.
- State of Biodiversity report 2011/2012
- Ecofile 5: Indigenous Trees

Website and newsletter

EPCPD has continued to produce a quarterly newsletter to update those on its database of the work being done by the Department, and by other environmental sectors in the municipality. The website is also updated every quarter.

Mayoral Biodiversity Award

The Mayoral biodiversity award aims to recognize the efforts of those who are working to conserve and enhance biodiversity in the eThekweni Municipal Area and awards excellence in terms of biodiversity preservation and management of our natural ecosystems. This category is managed and coordinated by the Environmental Planning and Climate Protection Department. Clansthal Conservancy was announced the winner of the category for 2012. The call for nominations for the 2013 Mayoral awards has been circulated through established networks and channels and several nominees have been submitted to the Department.

Programme: Develop and implement a Municipal Climate Protection Programme

Project: Implementation of the Durban Adaptation Charter

The Durban Adaptation Charters (DAC) aims to encourage local governments around the world to prioritise adaptation as a key strategy in their response to the challenge of climate change. Hosting the DAC secretariat raises eThekweni Municipality's profile globally and confirms our city as leading figure in the global climate change challenge. During 2012/13, EPCPD hosted an international workshop to plan the implementation and governance of the DAC, and confirmed ICLEI (Local Governments for Sustainability) as the future long term secretariat for the DAC. This was underscored by ICLEI's commitment to include a special DAC plenary session in its annual Resilient Cities Congress. This year, the special DAC plenary was preceded by a signing ceremony where a further eleven mayors committed their local governments to adhering to the ten principles contained with the DAC. Further progress was made in establishing a network of a number of key signatory cities that are able to regionally influence climate change adaptation implementation.

Project: Durban Climate Change Strategy

The Durban Climate Change Strategy seeks to combine the currently disparate response measures to climate change within the Municipality into a cohesive strategy that promotes cooperation and reduces duplicated effort. The strategy will provide an overarching vision that the city and its residents can engage with. Currently the strategy is in its development stage. Through a participatory process, that included communication through various media in both English and IsiZulu, an advisory group was formed that helped determine the key themes for the strategy. These themes are Water, Health, Biodiversity, Food Security, Transport, Energy and Waste Management & Pollution. The Economy and Education and Awareness are to be considered as cross-cutting themes. Currently, technical experts are being procured to lead the development of these themes. It is envisaged that the strategy will be finalised this financial year.

Project: Municipal Adaptation Plans

Prior to 2012/2013, a set of 47 Municipal Adaptation Plans (MAPs) were drafted for the Water, Health, Disaster Management and Environmental sectors. Following a Benefit/Cost analysis that considered the benefit to people in terms of number of people positively impacted, rather than economic considerations, these MAPs were distilled into 16 Municipal Adaptation Clusters (MACs). A database was established to follow the development of the MACs on an annual basis. The databasing process allows for the tracking of progress, assessment of challenges and constraints, noting of unanticipated positive outcomes, and synergies with other sectors.

During the course of 2012/2013 additional projects were identified to be added to the existing pool of MAC projects. The most notable of these is the implementation of the Municipal Adaptation Plan Technical Task Team (MAPTTT) jointly managed by the EPCPD and the Disaster Management Sector. Because of the strong alignment and synergies between climate change adaptation and disaster risk reduction, for both rapid and slow onset disasters, it was concluded that the coordination of the MAPTTT would best reside within the ambit of the Disaster Management Advisory Forum. In this regard, significant progress has been made towards determining how the future environment under climate change will affect organisations and communities within eThekweni Municipality.

Project: IPCC (Intergovernmental Panel on Climate Change) involvement

Dr. Debra Roberts has been active in her role as a lead author of the Urban Adaptation chapter in the Fifth Assessment Report by the IPCC. The second order draft of the chapter has been subjected to review by United Nations Framework Convention on Climate Change Parties and a case study of Durban's work has been documented as a paper in the peer reviewed literature and is referenced by the chapter.

Project: UKZN Research Partnership

The eThekweni Municipality has committed R500,000.00 per annum to the University of KwaZulu-Natal (UKZN) to serve as core funding for research and human capital development in the area of environmental management and global environmental change. The programme has now entered its third year of funding. The projects agreed upon by the research team are intended to draw a wide range of disciplines together to address sustainable management within the KwaZulu-Natal Sandstone Sourveld habitat type, within the broad context of global change.

The programme is jointly managed by the KZN SS Steering Committee, comprised of members from the EPCPD and the UKZN. The programme is already making positive knowledge contributions to aid the management of the KZN SS, as well as in human capital development. A new phase of the joint research programme is being developed to focus on the large scale reforestation programme at Buffelsdraai.

Project: Cross-sectoral programmes for biodiversity and climate protection

uMhlangane Climate Adaptation Programme

The purpose of the uMhlangane Climate Adaptation Project is to explore how a 'business unusual' approach that encourages cross-sectoral planning and decision-making, broad stakeholder engagement and a focus on the city's natural resources as the base for adaptation, can enhance efforts to manage geographic units such as catchments, as key climate change adaptation tools within eThekweni Municipality. Key activities that were undertaken during 2012/2013 were as follows:

- Coordination and regular meetings of the cross-sectoral team involved in the programme
- Ongoing climate change partnership with Bremen, Germany. This partnership has facilitated technical exchange visits and pilot projects focused on ecosystem-based adaptation, open space management and invasive alien plant clearing, establishment of an advanced water quality monitoring station downstream

of the Northern Wastewater Treatment Works, environmental education and the incorporation of climate adaptation principles into town planning.

Funding was secured from the German Federal Ministry to support wetland rehabilitation in the uMhlangane catchment do both Magistrate and High Court.

3.15 PARKS, RECREATION AND CULTURE

Introduction

The Parks Recreation and Culture Unit is made up of three departments, namely: Parks, Leisure and Cemeteries; Libraries and Heritage as well as Sports Recreation Development. The report presents the statistical data on each of the above three departments and some highlights of the year under review.

1. PARKS, LEISURE & CEMETERIES

PARKS LEISURE & CEMETERIES STATISTICS 2012/2013	
FACILITIES	
NUMBER OF SWIMMING POOLS	52
NUMBER OF SOCCER FIELDS	336
NUMBER OF CRICKET WICKETS	66
NUMBER OF HOCKEY FIELDS	5
NUMBER OF RUGBY FIELDS	9
NUMBER OF BOWLING GREENS	5
NUMBER OF NETBALL COURTS	53
NUMBER OF VOLLEY BALL COURTS/COMBI-COURTS	75
NUMBER OF STADIA	6
NUMBER OF COMMUNITY HALLS	163
NUMBER OF GOLF COURSES	2
NUMBER OF CEMETERIES	57
NUMBER OF CREMETORIA	2
NUMBER OF DEVELOPED HORTICULTURAL PARKS	141
AREA OF DEVELOPED HORTICULTURAL PARKS(ha)	5968.8

PARKS LEISURE & CEMETERIES STATISTICS 2012/2013**FACILITIES**

NUMBER OF NURSERIES (ha)	9
NUMBER OF DEVELOPED PLAYGROUND SITES	617
TOTAL NUMBER OF RESCUES – BEACHES	1522
NUMBER OF BURIALS (excluding paupers)	3668
NUMBER OF PAUPER BURIALS	205
NUMBER OF CREMATIONS	1072
NUMBER OF PUBLIC CONVENIENCES	52
NUMBER OF NATURAL RESOURCE AREAS MAINTAINED	75

The Unit conducts its operations across the entire 98 kilometres of the eThekweni Coastline and comprises some 18 Divisions within its jurisdiction. These being the 10 district parks, the cemeteries, pools, natural resources, special services, Botanic Gardens, mechanical services division, stadia & leisure facilitation as well as the production & display section with 9 nurseries.

The total area of cultivated is over 5968. 8 hectares of developed park, some 74 500 hectares of open space with more than 4000 kilometres of river and catchment areas to service.

Durban Beachfront

The Parks, Leisure & Cemeteries Unit's focus for the financial year under review centred around 'the year of standards'. The department undertook a thorough re-measurement and bench marking of all its Parks, Open Spaces and facilities, including Flowerbeds and Sports fields, to establish measurable standards to ensure effective and more efficient service delivery. The department focused its attention on conforming to and re-enforcing the consistent application of policy and procedures throughout its operations.

Social cohesive integration of services, both within its own Divisions, the Unit's Department, as well as with its sister City Units was encouraged and forged. This can be evidenced through the **City Clean –Up Campaigns** embarked with all the City's Units as well as its own **Stream Cleaning campaigns** with the involvement of the local Ward Councillors.

Mayor launches campaign to clean up city



The municipality is embarking on a programme to clean up Durban and surrounding areas.

Durban's Mayor James Nxumalo launched a massive clean-up and maintenance campaign on Thursday, 2 May. The aim of the campaign is to encourage cleanliness within the city centre and other municipal areas. The Clean My City Programme will target a number of hotspots that are prone to high levels of filth and dilapidation, including the Warwick Junction, Albert Park, Mahatma Gandhi/Point area and Victoria Embankment.

Other areas that will receive special attention include greater Cato Manor, as well as Umlazi and Isipingo, Clermont and Pinetown, Tongaat and Phoenix as well as Inanda, Ntuzuma and KwaMashu (PINK) areas, greater Chatsworth, and areas of the greater South. Other efforts included the Councillors' and Local Residents in the drive to eradicate one of a growing problems being highlighted in the City – that of illegal dumping and waste being left around.

One further exciting development within the Department, is the City's initiative to regain Blue Flag Status for four (4) of its bathing beaches. The first application has been submitted and preparations are under way to ensure that the City can comply with the high standards required.

Blue flags on the horizon



BOOSTS to tourism and management of beach water quality are some of the perks linked to the international Blue Flag status given to beaches that meet the standards.

Geoff Pullan, the DA spokesman on beaches, said, it was indicated, at a recent council meeting, that there is a programme in place to re-apply for some **Blue Flag beaches** this year. The spin-off from the Blue Flag Status is that it can promote tourism in our City. A highlight for the year, which needs to be recorded, is that fact that the Department, through its involvement in the Festive Season Management Committee (FESMAC) reported that although most of the beaches were filled to capacity. Everything went smoothly with very few incidents from an Aquatic perspective, the Department through its dedicated Lifeguards and Law Enforcement Officers on the beaches, the respective holiday periods were well managed.



Durban is among the country's top domestic tourist destinations and last year attracted more than 2-million visitors

Durban enjoyed a bumper festive season with thousands of visitors and locals visiting the city to usher in the New Year. Since Christmas week, more than 658 620 people visited the various beaches, 178 rescues were carried out and 2 909 people had to be given first aid for different medical reasons. Approximately 36 238 armbands were issued to children visiting the beachfront. All separated children were reunited with their guardians. Parents are urged to ensure that children are always under adult supervision when swimming at the beaches.

The December/January Management Plan ensured a multidiscipline, integrated and co-ordinated approach in managing the holiday season and in December /January 2012, **2,131,970** visited our Beaches, Ushaka Marine world 217,491 and Suncoast Casino and entertainment world 1 211 483 and **zero drowning were achieved at our beaches.**

Bumper crowds flock to Durban beaches



More than 200 000 holidaymakers flocked to Durban beaches in over the Christmas holidays.

One highlight of the year which must be mentioned is the fact that the **Botanic Gardens** celebrates its 100th year as a Local Municipal Park. Celebrations to mark this major milestone have been planned for the entire year, culminating in the Parks Recreation and Culture Months. This Botanic garden has several unique features which makes it a "must see" for all Citizens of Durban as well as national and International Visitors. Its popular *Music by the Lake* events draw a rand market value of just under 2 million rand with Johnny Clegg, Mango Groove, Ray Phiri and many others gracing the stage.



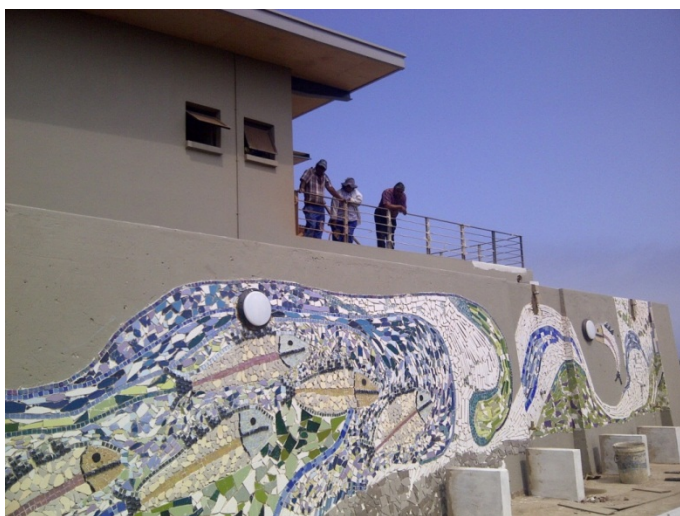
Botanic Gardens

Budget Highlights 2012/13

Amongst the highlights of the financial year, two projects stand out as the Departmental achievements. These include the opening of the **Umnini Thusong Centre** as well as the completion of the new **Isipingo Aquatic Centre**.

The new Hall has started to be used by the Community and is fast becoming a centrally cohesive asset within the area due to its centralized location.

The **Aquatic Centre** is an attractive and functional addition to the City's strategic assets and will provide improved service delivery to this beach.



Isipingo Aquatic Centre

Another Capital project was the improvements made to the **Mitchell Park Zoo**. This was mainly an upgrade of the main entrance way as well as additional and/or new cages built for the Macaw Birds, the Lemur Cages as well as Chimp enclosure. The new revamp of the entrance includes new pathways, paving, picnic sites and overall new signage.

On average some 46 600 visitors enjoyed the attractions of this facility. The Zoo generated an income of under a half million. These visitors encompass all ages and are a good example of how the Department is trying to ensure that all its facilities reach out to include something for all the citizens of the City. It is an extremely popular site for birthday and celebrations.

Funding was secured to upgrade and repair the roof of the **Kings Park Swimming Pool** to ensure that the regular National and International Gala Events are not lost to the City.

Kings Park gets facelift

Last week City Watch revealed that Kings Park swimming pool, opposite Moses Mabhida Stadium on the NMR, was in a dangerous state. At both ends of the building corrugated roofing material is coming away from the main structure, posing a danger to patrons.

Mr. Thembinkosi Ngcobo, Head of Parks, Leisure & Culture, said that the matter was being taken seriously by his department, as were revelations that daily maintenance was being sloppily executed.

He said more than R1.5 million had been spent before the 2010 World Cup on upgrading the facility, and that a further R4m had been made available, at his request, from the 2013/14 Capital Projects Budget, to attend to the corroded steel structural maintenance of the roof.

"This work will commence immediately. Funding has been identified to attend to the repair and replacing of loose roof sheeting. Requisitions have also been issued to the Architectural Department to replace missing tiles in both the male and female change rooms.

"That department has also been issued a requisition to refurbish all the change-rooms, including shower cubicles."

Other noteworthy developments include completion of the How Long Park development as well as additional funding being expended on the **Japanese Gardens** in Durban North as well as Pinetown.

Bulwer Park Outdoor gym is a hit



Residents enjoy the upgraded Bulwer Park and gym facility.

Residents are using the gym every day, and Ward Councillor, Warwick Chapman wants this venture to be introduced into every major park across the city. "This is a really effective way of spending money to the benefit of the majority of citizens who can't afford a gym membership. It's becoming more and more important to promote a healthy lifestyle as we know regular exercise reduces the incidence of disease, which decreases the burden on the state to provide care," said Chapman.

He said the key challenge was to try ensuring that the equipment was generally vandal proof and to ensure it was hardly enough to endure regular use by the community. "Once we have the recipe down, I feel the city should try get at least 100 of these gyms into Parks in the city. Given the development mandate of the state, this project is a quick win which provides an immediate facility which is available to its citizens," he said.

Social Responsibility & Community Upliftment Programmes

In support of its Greening Strategy, the Parks, Leisure & Cemeteries Department, have initiated and undertaken ten (10) **Stream Cleaning Projects** in participation with local Ward Councillors. Some 120 jobs have been created through the engagement of local Co-Operatives to man these projects on a sustainable basis.

Other efforts included the Councillors' and local residents in the drive to eradicate one of a growing problems being highlighted in the City – that of illegal dumping and waste being left around.

Municipality embarks on clean-up campaign at beach.

Residents and local organisations have applauded the prompt response of the eThekweni Municipality after the successful clean-up campaign at the Merebank Cuttings Beach. According to the chairman of the Merebank Residents Association (MRA), Arisha Govender Ramjanek, the issues with beach cleanliness at the Cuttings Beach in Merebank, has been one that has been highlighted on numerous occasions, by residents, fishermen and the like, yet nothing had been done for months.



Brighton Beach on the Bluff looks like a rubbish dump, but the eThekweni municipality is in the process of cleaning it up.

Municipal workers are working around the clock to keep beaches clean and debris free. Following numerous concerns and complaints about the unsavoury state of some of the beaches in the eThekweni Municipal area, the Municipality's Parks, Recreation and Culture (PRC) Unit has announced its cleanup schedule for Municipal beaches is currently ongoing. Every spell of rain brings down debris; however there are dedicated teams of permanent, Extended Public Works Programme (EPWP) and project staff members working 7 days a week on this situation.



Umlazi City Clean-Up Area Map

Other efforts hailed from the Natural Resources Division of the Department to assist and ensure the environmental impact and biodiversity of the City is not harmed are the following:

Major clean-up of infamous green strip on the cards



The eThekweni Parks Department, Ward 18 councillor, Tim Brauteseth and the Pinetown and Cowies Hill community rally to clear infamous green strip

THE community of Leeds Crescent, Bamboo Lane and Palm Lane, along with the area's Councillor, Tim Brauteseth, formed a partnership to eradicate the infamous green strip.

The piece of land in question runs along Leeds Crescent and follows Maple Road, the Willow Road and then curves back along Palm Road to Bamboo Lane. The land comprises four different sites with an extent exceeding 68 000 square metres or 17 acres of land. Of that less than half an acre is privately owned.

The problem with this vast tract of land is that it is completely overgrown and plays a major role in crime activities in the area. It is not only a haven for criminals but also poses health risks as a breeding ground for rats and snakes. This area was cut back in June last year, but has grown back in full force.

Parks have also requested the involvement of the community and local Neighbourhood Watch activists, Andreas Mathios and Liesl Krull, who have agreed to engage the community to be involved in the cleanup exercise.

Tree label Campaign off to good start



Sbu Mkhwanazi, Senior Manager Parks, fixes a label to a rare *Celtis mildbraedii*, the Natal Elm

The first tree labelling event at Pigeon Valley Park was a success.

Residents and officials joined to identify and label indigenous trees in Pigeon Valley Nature Reserve on 18 May. The brainchild of Berea resident, Doug Kirton, this is to be a major WESSA-eThekweni Metro project.

Green strip cleared in combined effort



Leeds Crescent work group

When the clearing is done, the Parks Department will treat the area with the correct herbicides to control the growth of the bush.

LEEDS Crescent community and the Parks Department joined forces at the weekend to start the cleanup of the infamous 'Green Strip' in the area. The overgrown area is approximately 17 acres in size and stretches from Josiah Gumede to the M13 and Bamboo lane.

Over the space of many years, the area has become infested with alien invasive plants and is a real safety, health and fire hazard. The cleanup was organised by local Councillor who brought the community and Parks together in a joint effort.

The area was cleared in June 2012 but since then the vegetation has grown back aggressively. This piece of land is largely owned by the council and the state, and needs to be maintained. The Parks Department had committed to completing the cleanup over the few weeks. When the clearing is done, Parks will treat the area with the correct herbicides to control the growth of the bush.

Verge Maintenance and Grass Cutting

The Department's prime focus is to ensure that each and every Ratepayer within the City receives equitable service delivery with respect to grass cutting and verge maintenance. To this effect, the Department follows and conforms to a programmed cut of up to 7 times per year during September to June, on a 6 week programmed cutting cycle.



KEEP IT CLEAN: A Municipal employee hard at work.

Last year, the Parks, Leisure and Cemeteries Department worked on a Verge Campaign for 2013 which aimed at encouraging residents to maintain their own verges thereby creating a sense of civic or community pride thus ensuring clean, green and safe communities.

Sport and Dance Development utilizing Park and Sports field Infrastructure

The Parks, Leisure & Cemeteries Department supports its sister Unit Department's to prepare and decorate its numerous Venues to enable them to host their various functions and outreach programmes. Examples of this are making use of the beaches and beach front venues to host – **dance form expressions** and showcase, **learn to Swim Programmes** in conjunction with the Sports & Recreation Department etc. These can be epitomized by that of dance and learn to swim initiatives hosted on the beach front.

Nurturing dance in KZN



Dancers from the Flatfoot Dance Company Umlazi project will take part in this year's Giyani Lusha in July.

KZN DanceLink calls itself "an umbrella body for dance support in KZN", and true to this fact, runs numerous dance classes in various orphanages around the province. It will be running its annual dance workshop programme in the Durban Children's Home, Aryan Benevolent Home and God's Golden Acre.

The programmes are fed and nurtured by some of Durban's top dance teachers who train and support the young dancers as they prepare themselves for some of the performance platforms also hosted by KZN DanceLink.

The annual showcase for KZN DanceLink is the much-anticipated youth dance programme called Giyani Lusha.

Hosted each year on the Durban beachfront in July, this youth dance programme has become one of the city's iconic dance happenings and is, in part, due to the incredible enthusiasm among the young dancers who participate. These young dancers come from divergent communities that range from Umlazi to Wentworth, KwaMashu, Newlands East, Clermont and Glenwood.

Inanda learns to swim

Since it was launched in 2004, the eThekweni Municipality's **Sport and Recreation Development Department Learn to Swim Programme** has been a resounding success. Inanda Special School is one of the beneficiaries and success stories of this programme. Even though most of the learners from this school are intellectually impaired, this programme has managed to produce competitive swimmers. The new season of learn to swim programme kicked off on Monday this week (04 February 2013) in 24 swimming pools in eThekweni and it is set to expand.



These are some of the learners from Inanda Special School that have benefited from the learn to swim programme

Hailing the success of the programme, Sandra Khathi, the Acting Deputy Head of Sport and Recreation Development Department, said the Department values the programme as it has helped them to achieve their two objectives. "As we teach learners to swim, we are also making sure that the swimming pools in previously disadvantaged areas are being utilised. Secondly the forever changing and unpredictable weather conditions dictate that individuals must be able to swim for security reasons. When we launched the programme in 2004 it was just a pilot project, it is now a fully-fledged swimming programme that will require more budget and resources hence we will be asking for more money from the Council in this financial year," said Khathi.

The Sports Department indicated that this new season, the method of selecting school that will be part of the programme has been changed to accommodate all the schools within Municipality's footprints.

City Programmes Collaboration

The Parks, Leisure & Cemeteries Department provide most of the floral decoration to advertise major City Events, of local, national and international proportions. Some of these which can be mentioned are the Africa Cup of Nations Soccer tournament, the World Transplant Games – where the Production & Display Team were required to make some 637 individual floral wreathes and bouquets of different sizes and design for the medalists at these recent Games hosted in Durban.

From the media comments below, it should be noted that the Parks, Leisure and & Cemeteries department was involved in many of the activities associated around this event.

EThekweni Deputy Mayor, Nomvuzo Shabalala, Chief Operations Officer of the local organising committee Andrew Dipela, and the Municipal Manager, Sibusiso Sithole, were in Durban's Jameson Park during the unveiling of the 2013 Afcon composite logo flower bed on Tuesday. This flower bed is meant to raise public awareness for the 2013 Orange Africa Cup of Nations as Durban is one of the host cities. About 300 people witnessed the launch of the composite logo which can be seen by motorists and people passing by the park.



***29th Orange Africa Cup of Nations
South Africa 2013 - 19.01 to 10.02. 2013***



The eThekweni Municipality, in partnership with the KZN Provincial Government, invites members of the media to be part of the 2013 AFCON 10 Day Countdown Celebration which will take place on Wednesday, 09/01/13, at Gugu Dlamini Park.

After much preparation the City is ready to host the 2013 African Cup of Nations. This celebration will serve the purpose of officially welcoming our fellow Africans, as we enjoy a fun-filled day, rich with a diversity of cultural activities.

The celebration will be preceded by a colourful street parade involving various cultural groups within the City. The starting point of the parade will be at Albert Park at 10 H00 and the route will be along Joseph Nduli St (Russel St), Dr Pixley Ka Seme St (West St) and Samora Machel St (Aliwal St) ending at Gugu Dlamini Park.

Challenges faced by the Department over the Year

The three major challenges which faced the PRC Unit over the year were that of Illegal Dumping becoming rampant, unkempt Provincial Road, as well as the increasing vandalism of our City's cemeteries. The latter, is over and above the growing shortage of space for burials and burying our loved ones.

The problem of stealing tombstones and **vandalism, within the Cemeteries** is becoming widespread throughout most cemeteries.

Tombstone theft ‘a common problem’



A vandalised grave at West Street Cemetery in Durban.

Thieves have struck at Red Hill Cemetery in Durban, making off with two granite tombstones and causing added heartache for grieving families of those buried there.

Durban woman Nomvula Zikalala said she was shocked to learn recently that the tombstone erected at the grave of her daughter, Lungi, who died three years ago, had been stolen.

“It was only when they looked properly that they realised that her grave was now a hole and the stone that had her name had been left upside down, making it hard for them to find it,” she said. “Even the grave next to hers had been robbed of its tombstone.”

Thembinkosi Ngcobo, Head of the eThekweni Municipality Parks and Recreation Unit, which is responsible for Municipal Cemeteries, said the municipality was not liable for loss of tombstones.

Unmaintained Road Verges

The cutting of the Provincial Roads, like the M7, M13 and National Roads of SA are the responsibility of the KZN Provincial Government, and actually are not the competency of the City. However, as a proactive engagement, the Parks, Leisure & Cemeteries Department is presently in negotiation with the Province to undertake this function on their behalf for an administrative fee. This initiative is in order to ensure that the Citizens receive better quality service throughout their residential areas and on the transportation Routes.

2. LIBRARIES AND HERITAGE DEPARTMENT

STATISTICS

Number of housebound	40
Number of libraries	91
Number of library membership	314166
Number of books issued	529457

Number of museums	10
Number of museum visitors – Durban Art Gallery	59057
Number of museum visitors – Natural Science Museums	126078
Number of museum visitors – Local History Museums	107961
Staff Establishment	
Number of librarians	130
Number of library assistants	340
Number of museum officers	70
Number of clerical staff	65
Number of library attendants	40
Vehicles	
Number of Cars	45
<u>OUTPUTS</u>	
No. of Staff	690
No. of Vehicles	45
Total No. Library Membership	337153
FACILITIES	EXISTING
Total number of Books issued	529457
Book Stock per member	10
Total number of house bound patrons	40
Total number of Museum Visitors	293096
Total number of Museum Exhibits	7
Number of Publications	16

Budget Highlights 2012/2013

The department is in the midst of a period of major investment with major repairs to the roof and floors of the Durban Art Gallery, growth in collection facilities at the Natural Science Museum Research Centre, new lighting for the Durban Art Gallery, Investment in the development of the new Central Library from the Carnegie Foundation and the KZN province, investment in the Mkhumbane Cultural Park site, more funding for the Arts and Culture focus area and significantly higher subsidies from the provincial government. Allied to this increasing

investment there is a unique opportunity to reform provision and build a challenging, dynamic and sustainable customer focused service. It is only through changing our focus from being inward looking to outward looking that we will be able to develop new audiences.

Our objective is to establish eThekweni amongst South Africa's premier museums, galleries, libraries, performing arts and culture services, allowing it to meet its full potential in the educational, cultural and social inclusion, urban renewal and rural development goals of eThekweni Municipality. This objective has been hindered in part by our service's inability to broaden access and the appeal for matters heritage. This objective will be achieved by transforming the current organization to put visitors and their experience at the heart of the service and to appreciate the important role we play towards achieving cohesion in our communities.

Some highlights in the period under review:

CATALYTIC HERITAGE INVESTMENT: Placing Heritage at the Centre of City Strategy

Umkhumbane Cultural Park:

The Heritage Centre and Museum will form the iconic hub of the development and will deal with the themes relating to the complex and turbulent history of Cato Manor and the Heritage of the area. The project is unique in that it integrates communities, heritage, and economic development in a planned and integrated manner. The initial phase which was the reburial of the mortal remains of the Queen Mother and the development of a tomb have been completed and the site has been landscaped complete with the parking for visitors and bus drop-off to ensure that the site is operational while funding for the remaining phases is being raised.



Central Library:

The New Central Library will help eThekweni achieve many of its pressing civic objectives. The new facility allows the eThekweni Public Library to adequately serve the branches and the community's needs for literacy, information and knowledge in the 21st century. Additionally, the building will be a new landmark - a civic icon that embodies eThekweni's commitment to the future. The New Central Library will:

- provide improved access to information and resources;
- Support student achievement region wide;
- The highly visible children and teen areas and homework centre will be exciting new resources for the young people of eThekweni;
- Provide a venue for community meeting and gatherings and will be a cultural centre;
- Provide a top-quality access to key technologies (video conferencing etc.);
- Support persons with special needs;

- The New Central Library will demonstrate the eThekweni Municipality's commitment to energy efficient design.

The design will be flexible to cater for future technologies and new library usage patterns such as the entry floor space which can be easily reconfigured to allow for informal gatherings, speakers, exhibitions and performance spots. The facility incorporate non-linear thinking about the user – the user is seen holistically with service delivery 24-7 that is geared to providing a place for study, collaboration, teaching, performing, reading, exercise in the park and dining.

The development management team have been appointed and a revised programme for the facility is being finalized.

Increase in Funding for Arts Centres (from R3 Million to 15 million over a three year period)

In the next few years, we will need a clearer sense than ever before of what really matters – what matters over everything else when funds are tight. We are sitting with considerable challenges currently where we do not have a framework for support for the arts. In seeking to achieve our mission, artists must be supported and appreciated and must be at the centre of any such decisions.

Why is this so important? (1) Because art is intrinsically valuable? (2) Because it is necessary for a successful economy, to our national prestige, to our mental health, to our social cohesion, to our sense of identity, to our happiness and to our well-being? All of the above are relevant. As people responsible for spending substantial amounts of public money, we are duty bound to account for the public value of art with all the data we can gather. Difficult as this must be especially when one is looking for outcomes we must be as clear as we can and then acknowledge that it simply has mysterious aspects that are immensely powerful and can never be anticipated or accounted for.

Our focus in the period under review has been 2 fold - to plan for more focused and depended investment in Community Arts Centres because of their reach as well as their developmental focus and secondly to complete the work on the Arts Culture and Heritage Policy and Strategy for eThekweni.

The goals that we paid particular attention to are as below and they are based on us seeing Durban and the rest of eThekweni as a place where:

Goal 1: Talent and artistic excellence are thriving and celebrated. Durban is regarded as a pre-eminent centre for artistic excellence.

Goal 2: More people experience and are inspired by the arts. The arts are at the centre of people's lives – more people are involved in arts in their communities and are enriched and inspired by arts experiences.

Goal 3: The arts are sustainable, resilient and innovative. Collaborative and networked, the arts are known for resilience, innovation and their contribution to the city's reputation and prosperity.

Goal 4: The arts leadership and workforce are diverse and highly skilled. The diversity of the arts workforce reflects the diversity of society and artistic practice in eThekweni. Outstanding arts leaders play a wider role in their communities and nationally.

Goal 5: Every child and young person has the opportunity to experience the richness of the arts. Children and young people have the best current and future artistic lives they can have. They are able to develop their artistic capabilities and engage with, and shape, the arts.

To this end we hosted a series of conversations with the arts community to get a better appreciation of the challenges being faced and the role that local government could play. We then focused our efforts to a few of these Arts Centres and they are as follows: UKZN Centre for Creative Arts, KwaMashu Multi Arts Centre, Catelina Theatre, Bat Centre and the Durban Music School. We believe that a considerable investment in these centres with clear performance monitoring criteria will assist us in reaching our goals faster and more efficiently. This culminated in an initial investment of R15 million (1 million to each of these centres each year over a three year period).

We plan on increasing our investment into the five well established Hallmark Festivals in the city currently being implemented through the UKZN Centre for Creative Arts (Time of the Writer, Durban International Film Festival, Jomba and Poetry Africa), The Playhouse Company (Annual Iscathamiya Festival) as well and increasing our participation in the National Arts Festival by supporting acts from our community arts centres.

3. SPORT AND RECREATION DEVELOPMENT

2012/2013 Statistics

STATISTICS AS AT END June 2013

OUTPUTS	
No of Permanent Staff S & RD	18
No of permanent Staff seconded to S & RD	0
No of In - Service Students S & RD	6
No of Temporary Staff S & RD	0
No of Temporary Agency Staff S & RD	1
No of Male Staff S & RD	5
No of Female Staff S & RD	13
No of Vehicles S & RD	12
No of Wards Sport & Recreation Committees Established S & RD	17
No of Recreation Programmes implemented	8
No of Sport development programmes implemented	40
No of sport federations assisted	15
No of Aquatic Safety Programmes Implemented	2

Introduction

It is the mission of the Department to maximize access, development and excellence at all levels of participation in sport and recreation in order to improve social cohesion, nation building and the quality of life of all eThekweni Municipality citizens. Which the Department does through the following Strategic Objective;

- To improve the health and well-being of citizens by providing mass participation opportunities through active recreation.
- To promote participation in sport and recreation by initiating and implementing targeted campaigns e.g. Wellness programs.
- To identify and develop talented athletes through the implementation of a structured system
- To improve the performance of athletes and coaches by providing them with access to a comprehensive range of support programs.
- To provide formal sport Participation opportunities through an integrated and sustainable club structure.
- To integrate the development of sport through local sport councils
- To provide local sport structures with administrative and governance support through the medium of a sport house.
- To empower the human resource capital in sport and recreation through the provisions of accredited education and training.
- To ensure that sport and recreation in eThekweni benefit from strategic International relations.
- To ensure that equal opportunities exist for all citizens in eThekweni to participate and excel in sport and recreation through the adoption of transformation initiatives.
- Identification and prioritisation of sporting codes best suited to broadening the participation base in sport and recreation in eThekweni.
- To use sport as medium to attract tourists to Durban

Learn to Swim

Learn to swim is a project formed to enable children to acquire basic swimming skills. The project was designed as a strategy to promote swimming as a leisure and a competitive activity, enabling children to use aquatic facilities with safety and confidence. The current stakeholders are, eThekweni Municipality Department of Sport Development and Recreation, Provincial Department of Sport and Recreation, Swimming South Africa, KwaZulu Natal Aquatics and Provincial Department of Education. The program started with the planning sessions in January, followed by training sessions in February 2012 and close up with the Gala in May 2012. Currently, 49 Primary Schools, with a total of 5 976 learners are participating. There are 24 instructors coordinating the program.

Women in Sport

This program encourages women to participate in sports. On the 23 June 2013 500 municipal employees and 500 community member were registered to participate in Spar Ladies Race.



Rural Horse Riding

Rural Horse Riding program is an integration program from KZN DSR with all KZN district municipalities participating. It was initiated in 2005 after the request from the former Premier, Dr Ndebele. Under the former MECs, the late Mr Rajbansi and Mrs Thusi the festival has grown phenomenally.

EThekweni has never participated in this program. It was the 1st time last year that we participated as we were able to discover in our youth camp program that indeed we do have a rural horse riding association in our shores. In 2012/13 the municipality participated in the Provincial champs held in Sisonke and come back with Gold.



Youth Camp

Youth Camp is a program that focuses on youth of different races, gender, background and ethnicity, which happens in September with a solely aim of promoting Social Cohesion in our society. It varies in terms of design and programming depending on the theme of the respective year.



Sister City

IZMIR: the U15 football team plus 6 officials attended the One Nation Cup in Izmir, Turkey during the month of May. Although not victorious, the team came back with the trophy for the best disciplined team and the most outstanding player who was also chosen for the “world’s team”



SALGA Games

2012 SALGA Games took place in Ladysmith. Our municipality took place in all codes, provided with the total delegation of 450 and came back with the victory of overall gold.

Staff Sport

This program is design to promote sport amongst the municipality staff. In 2012 it hosted the National Torments and our municipality becomes the overall winners of the championship.



Indigenous Games

Indigenous games have been in existence for years but were regarded as indigenous; they were neither modified or had nationally endorsed rules. They started being promoted through the National Mass Participation programme. This programme was also implemented through the establishment of Hubs. Currently the Municipality is promoting league games at zonal level and the winners participate at provincial level.



Code Development

Fifteen codes (Athletics, Basketball, Boxing, Cricket, Dance, Karate, Football, Hockey, Volleyball, Tennis, Table Tennis, Netball, Rugby Golf and Swimming) have been prioritized to be developed in all 103 wards within the next five years starting from 2012/13 to 2016/17. Working in partnership with eThekweni Sport Confederation and Federations, zonal structures are revived and inducted for proper implementation. Over and above priority codes four has been identified as an introduction phase (hand ball, baseball, soft ball and badminton).



Sport Confederation

EThekweni Sport Confederation in an integrated structure formulated by the department to monitor the uniformity amongst federations and to advise the department on the priority sports needs by the community at large. There are seventeen Zonal confederation established for operational purposes.



3.16 ETHEKWINI HEALTH UNIT SERVICE DELIVERY PLATFORM

The Health Unit is focussed on providing health services that align to the principles of Primary Health Care (PHC). PHC is defined to include the “promotion of proper nutrition, an adequate supply of safe water, basic sanitation, maternal and child care, including family planning, immunisation against major infectious diseases; education concerning prevailing health problems and the methods of preventing and controlling them, and appropriate treatment for common diseases and injuries”. The focus of the concept is to address health challenges in the community and is based on the four principles of providing promotive, preventive, curative and rehabilitative services accordingly. The implementation of the four principles contributes to minimising associated risks factors, whether they are environmental or biological (intrinsic and extrinsic) for the improved well-being of individual health. PHC is thus inclusive of both personal and non-personal health and is a multi-unit prerogative in the municipality.

The Health Unit purpose is to provide an integrated health service encompassing the principles of the primary health care approach and inclusive of clinical, social and municipal health services. This is done to ensure that the community of eThekweni lives in an environment that is conducive to health and a good quality of life with an expected impact of increased life expectancy within the EMA.

HEALTH SERVICE PERFORMANCE

BACKGROUND

The morbidity and mortality profile of the EMA demonstrate how the challenges of the high HIV, AIDS and TB burden, the increased maternal and child mortality, the escalating lifestyle diseases (noncommunicable diseases) and the high number of accidents and injuries have had an impact on decreasing life expectancy of citizens within the metro. The mushrooming of informal settlements and prevailing disparities of the past are the direct result of the less than desirable living conditions; exposing the inhabitants to environmental and social health risks. Associated deficiencies in social and economic conditions are associated with inequities in health outcomes across race and economic well-being.

HEALTH UNIT PERFORMANCE: SERVICE DELIVERY

CLINICAL PHC

PHC UTILISATION

PHC utilisation reflects accessibility of the PHC clinical services, health seeking behaviours of local communities, quality of services and staff attitudes. It is also influenced by the distance of facilities in relation to place of abode of the catchment population. PHC utilization must be interpreted in relation to nurse clinical workload to ascertain quality of care.

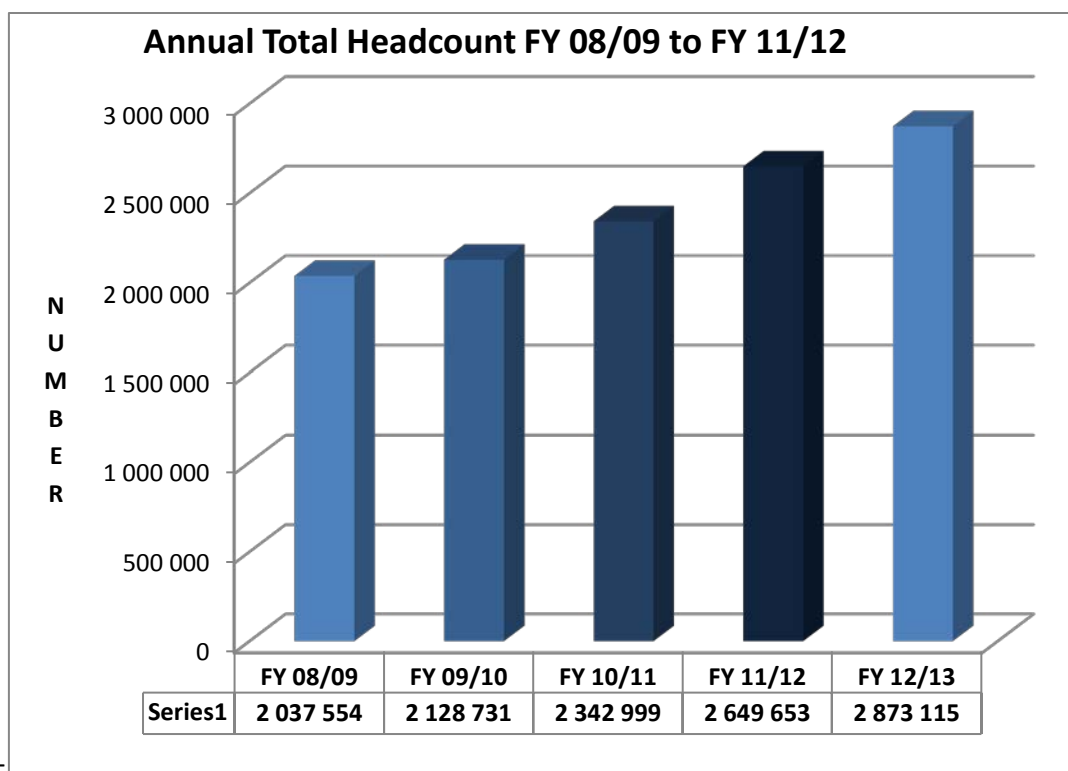


FIGURE 1: HEADCOUNT

The total headcount for the number of persons visiting has steadily increased over the past five years.

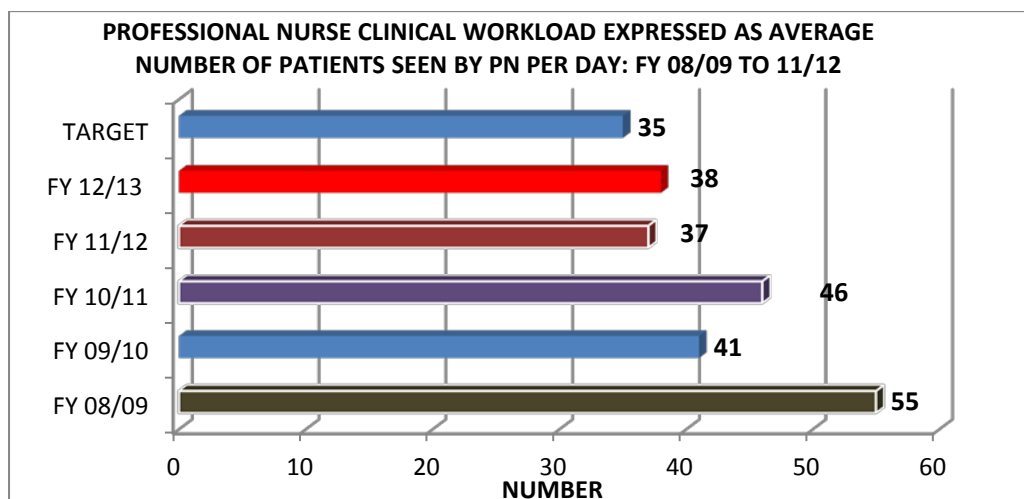


FIGURE 2: PN clinical workload

The clinical workload for professional nurses has reduced from 55 patients per professional nurse per day to 37 patients per professional nurse. Although accurate recording of cases still remains a challenge, the apparent decrease in caseload per professional nurse can be interpreted as a real decline. This is attributed to two main factors: the decline in the abuse of sick leave through better management of this in line with council policy and the continued improvements in data management to ensure data integrity. However, it must be noted that whilst the caseload has decreased, the complexity of the cases seen at municipal clinics has increased with the introduction of the comprehensive package of care and services like ARVs.

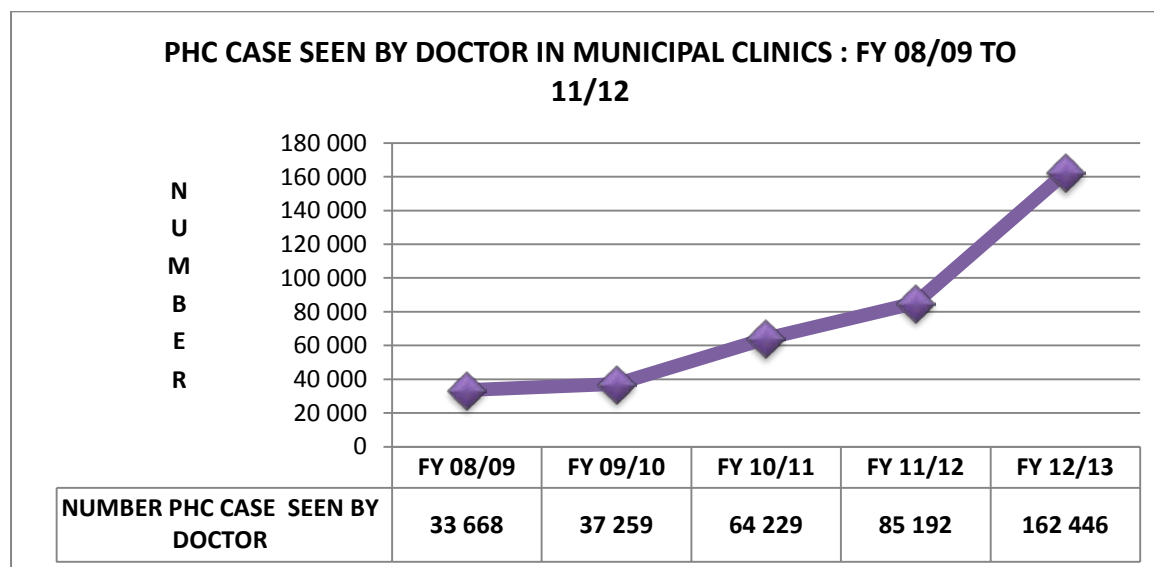


FIGURE 3: PHC case seen by doctor

National policy stipulates that Primary Health Care facilities must have a doctor providing services for at least 4 hours per week. As at May 2010, approximately 50 % of municipal clinics did not have the stipulated doctor coverage of four hours per week; specifically those in the previously disadvantage locations. A process of equitable distribution of existing resources was first introduced and subsequent appointment of additional medical officers to reach the current status where all municipal clinics have medical officer coverage for at least 4 hours once a week. The steady increase in the number of cases seen at clinic level is evident in figure three (3) above. Consequently, the number of unnecessary hospital referrals, due to cases that require medical practitioner consult has reduced. This means patients have better access to medical services closer to home, are not burdened with financial requirements of travel costs and escape the long waiting times of overburdened hospitals.

CHILD HEALTH

Increasing life expectancy and reducing child mortality is one of the national health care system priorities. Immunisation coverage and immunisation dropout rates at clinics indicate the level at which communities utilise the preventive services and thus serve as a proxy of the strength of the public health system. Two of the indicators used to measure the effectiveness of the immunisation programme are immunisation coverage and immunisation dropout rate.

For the past three years immunisation coverage has exceeded 100% and this can be attributed to one of two factors: either an undercount of children under the age of one (census data) or the utilisation of health services by persons residing outside of the eThekweni Municipal Area. In case of the latter, a false complacency may exist within the context of low immunisation coverage within the district as it would mean that the service is mainly

utilised by babies residing outside of the district. To avoid such a situation the unit conducts catch up campaigns for children residing within the EMA through a joint initiative of the clinical and social development staff.

Immunisation against measles infection at 9 months and 18 months has increased from 20 046 to 27 443 at 9 months and from 16 805 to 24 585 at 18 months. The lower numbers at 18 months are in keeping with the reduced utilisation of preventive services by mothers once the children reach one year of age. This phenomenon is explicit across the child health preventive service indicators. Although there is an increase in the number of children immunised for measles, the dropout rate between measles one dose (9 months immunisation) and measles two dose (18 months immunisation) has remained high over the past five financial years with the drop rate having increased to 13 % which is just above the targeted 10 % in the 12/13 year.

In the year of 2013 AD the Municipal area experienced an apparent diarrhoea outbreak with fatalities in children under 5 years, however, the diarrhoea incidence in municipal clinics peaked in the reporting year of 2009/2010 with a decline noted over the past three years. This can be attributed to both the immunisation against rotavirus and the improvement in sanitation service provision by the Municipality. The fatalities are indicative of the severity of the diarrhoeal experiences, lack of knowledge in key family practises that prevent dehydration and late presentation to care due to lack of access to health services or poor quality of care for those who presented for care early at health facilities.

The pneumonia incidence trends over the years show an increase with a notable decline in the 12/13 financial year. Whether this is a true decline or not will become apparent over the next few years, as many other factors including poor diagnostic skills contribute to a random apparent decline. A more long term analysis is required to determine the true trend of this element.

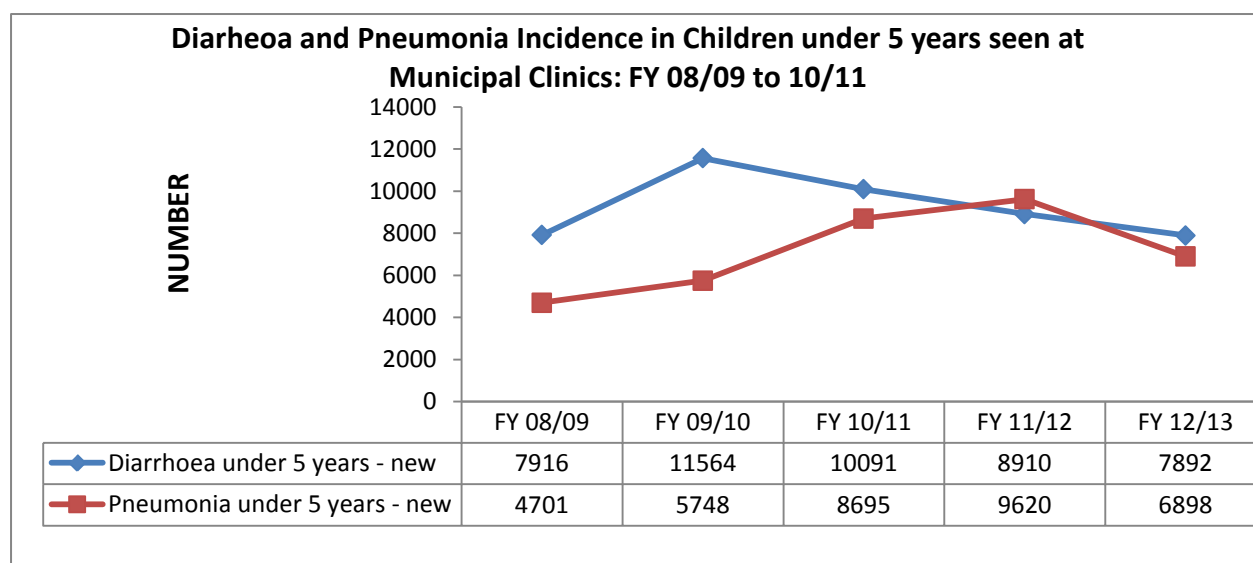


Figure 4: Diarrhoea and Pneumonia in children under 5 years

MATERNAL AND WOMEN'S HEALTH

One of the key four outputs for the National Department is the implementation of focused strategies to reduce illnesses and death amongst pregnant women. One such strategy is the provision of all elements of basic antenatal care to pregnant women before a woman is 20 weeks pregnant as a significant number of illnesses that are triggered or worsened by pregnancy manifest from about 20 weeks of pregnancy and onwards.

Health seeking behaviour is still not a norm and this is evident in late presentation to care by the majority of public health care users. The Unit has thus placed emphasis on providing information and educating the community on the importance of coming to the clinic early in the pregnancy. The outcome of the sustained

community campaign is evident in the increase of women coming early for antenatal care when compared to the status of five years ago.

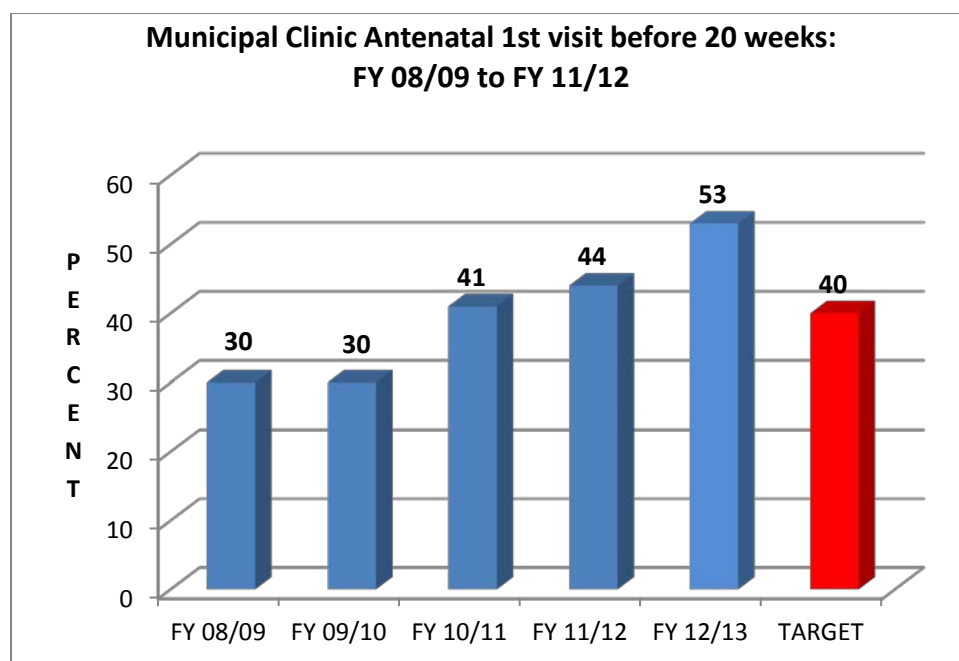


Figure 5: Antenatal Care First Visit During Current Pregnancy

Infectious diseases and poor quality of antenatal care have been highlighted by the saving mothers report as the major causes of death in pregnant women. Infections, led by HIV, accounted for 43% of these deaths. In the 2008/2009, although HIV was one of the leading cause of death, Municipal clinics only provided HIV services to less than one third of pregnant women. This has drastically improved with currently only those of known HIV positive status not being tested for HIV and these account the approximately 7 % that were not tested in FY 12/13 (table below)

Table 1

	F Y 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13
Antenatal client HIV 1st test	31%	70%	90%	103%	93%
Antenatal client HIV 1st test positive	37%	39%	32%	25%	26%
Antenatal client CD4 1st test	52%	81%	99%	111%	123%

PMTCT SERVICES FOR PREGNANT HIV POSITIVE CLIENTS and HIV EXPOSED BABIES

The number of babies testing positive for HIV at six weeks has drastically been reduced over the past five years (figure 6) and this bears testimony to the increased access of HIV services to pregnant women attending municipal clinics. In 2010 municipal clinics introduced the provision of ARVs to HIV positive mothers and the

notable decline in PCR (HIV) positivity over the years is a direct consequent of improved prophylactic and treatment provision (table 2).

Figure 6 PCR Positivity Rate @ 6 weeks: FY 08/09 - FY 12/13

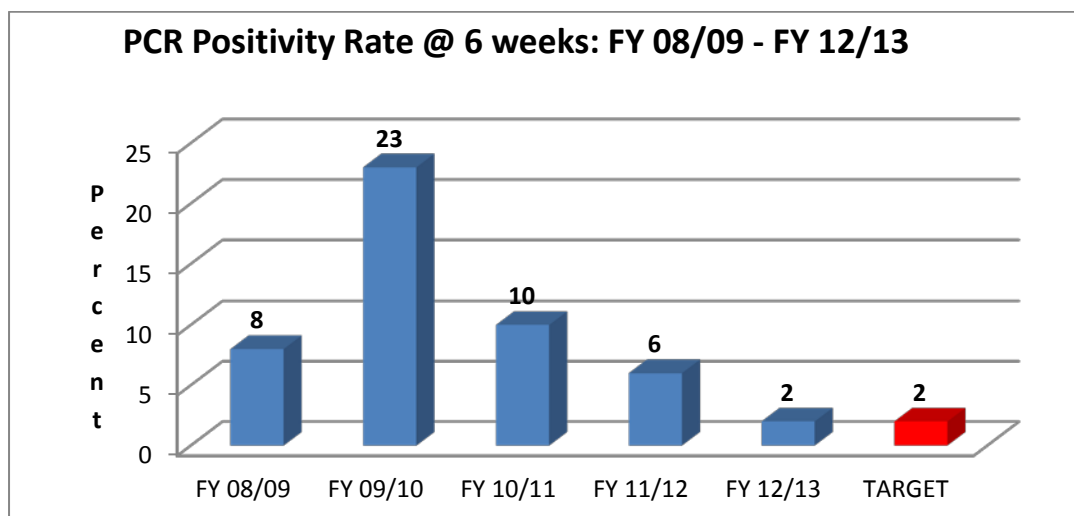


Table 2

Financial Year	08/09	09/10	10/11	11/12	12/13	TARGET
Antenatal client initiated on AZT	13%	57%	89%	90%		80%
Antenatal client initiated on HAART expressed as percentage of eligible clients	0	0	81%	72%	86%	80%

The low positivity rate seen in 2008/2009 (figure 6) is a false low as HIV exposed children were basically not being tested in municipal clinics in the 2008/2009 period (figure 7).

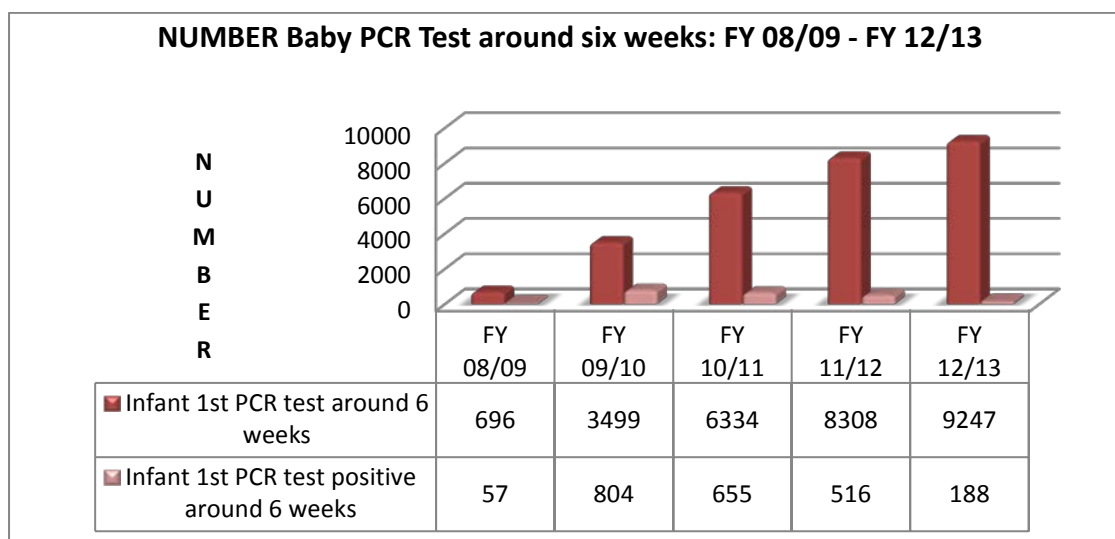
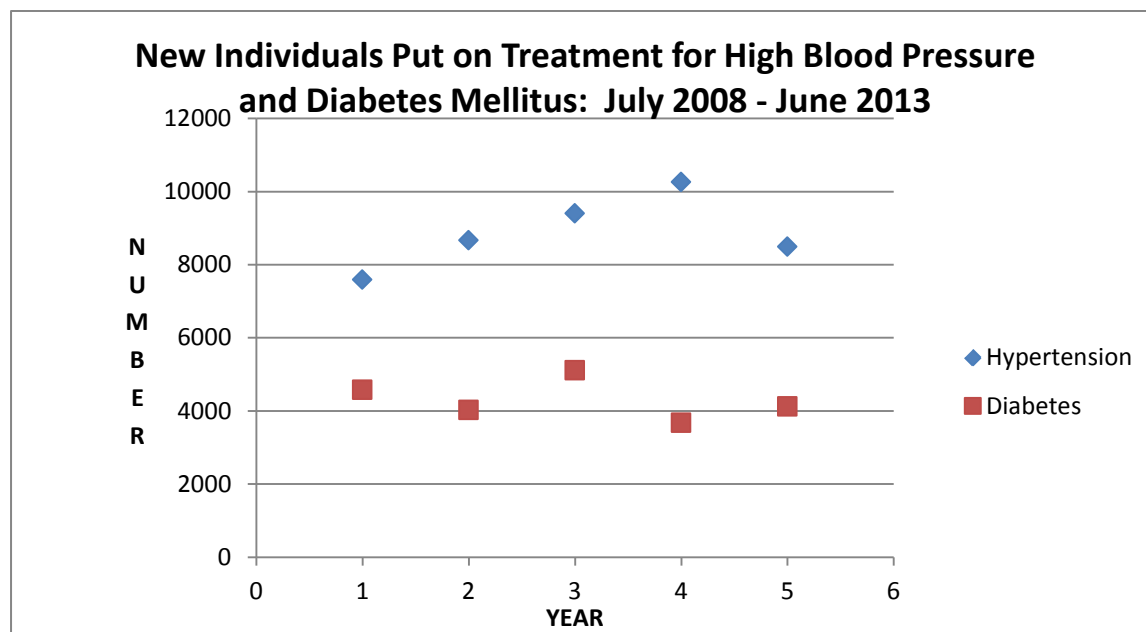


Figure 7: NUMBER Baby PCR Test around six weeks: FY 08/09 - FY 12/13

NON COMMUNICABLE DISEASES

The EMA has an equally high burden of non-communicable diseases and it does with the communicable diseases. In fact, as the management of infectious diseases improves, the mortality data signals to the fact that non communicable diseases are now the biggest cause of morbidity and premature mortality within the EMA. As evidenced in figure 11 below there is a steady increase in both new cases of hypertension and diabetes.

Figure 9: Individuals put on treatment for the first time for chronic disease



Year 1 = FY 08/09, Year 2 = 09/10, Year 3 = 10/11, Year 4 = 11/12 and Year 5 = FY 12/2013

MUNICIPAL HEALTH SERVICES (MHS)

MHS is a constitutionally mandated function of the Local Government, rendered by Environmental Health Practitioners and comprises 9 core functions which are defined in the National Health Act. MHS in essence seeks to ensure an environment which is conducive to health by mitigating against environmental risk factors.

MHS as a service has been rendered sub-optimally for a number of years throughout the country. There is currently a concerted effort within the eThekweni Health Unit to revitalise MHS. This turnaround has commenced by gaining approval to significantly increase the staffing compliment within this section as well as implementing skills transfer and up skilling programmes.

A number of specific interventions have also been required to address critical areas of legal short fall. An example of this is the creation of a specialist team to deal with Air Emissions licences as required by the National Environmental Management: Air Quality Act, (Act 39 of 2004). It has also been necessary to re-constitute the Quality Assurance Section of the unit due to the critical lack of uniform systems.

For the purposes of this report, certain specific and more general information pertaining to the service is noted below.

Air Quality Management.

Local government is charged with the responsibility of air quality management within its geographic boundaries (transboundary transportation of pollutants may also be an issue in certain circumstances). The legislative mandate flows from the constitutional responsibilities and the National Environmental Management: Air Quality Act. (Act No. 39 of 2004)

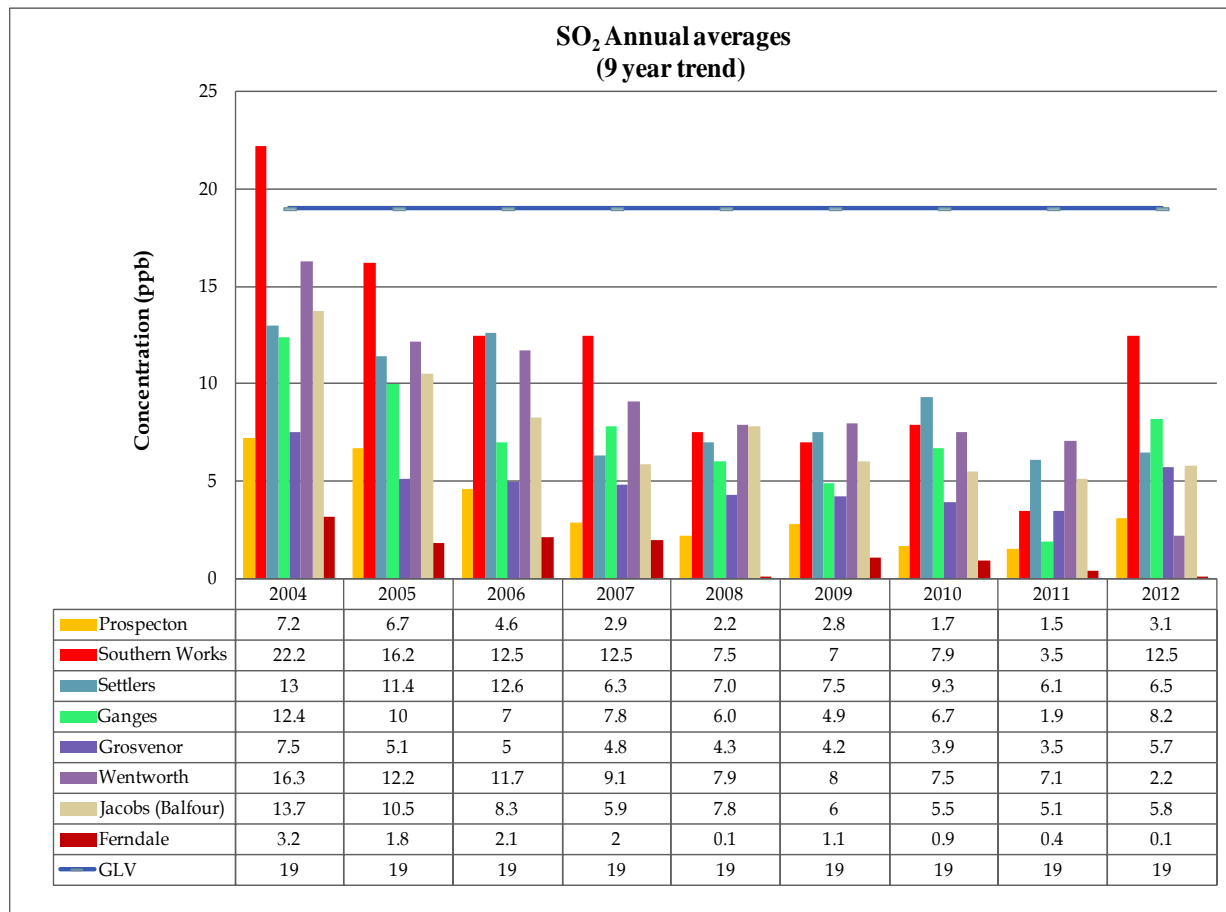
In simplistic terms the air quality management function can be described as four (4) discrete but interrelated functions;

- 1.1 Monitor ambient air quality and point, non-point and mobile source emissions.
- 1.2 Development and implementation of an air quality management plan (AQMP) which must be included in the city's integrated development plan (IDP). The AQMP will include various projects, plans and strategies to manage AQ.
- 1.3 Implement the atmospheric emission licensing system (s36) and carry out the responsibility for performing the functions of the licensing authority.
- 1.4 Conduct compliance monitoring and enforcement.

The city operates and manages two AQ monitoring networks (continuous and non-continuous) and also conducts discrete sampling using more passive techniques in specific areas or circumstances.

The highly industrialised Southern regions of the city have historically been the primary focus for monitoring and enforcement efforts. These efforts have borne fruit and the excess of the National SO₂ Standard (10 minute average) has declined from over 300 to less than 10 per annum.

Figure 10 below depicts the steady decline in the ambient levels of SO₂ in that area.



Much of the improvement depicted in the graph above is as a result of moving fuel usage (by industrial undertakings) from “Dirty Fuels” (e.g. Coal) to cleaner sources of energy (Gas and electrode boilers). Industry is very concerned with the sharp and significant escalation of electricity tariffs and gas pricing structures. This has seen a number of industrial undertakings facing significant financial pressures and their viability being threatened. As a result of this there is increased pressure on the municipality to allow certain industries to revert to coal as their primary source of energy. This process will need to be carefully managed to ensure that historic environmental gains are not lost; whilst at the same time taking into account the economic development goals of the metro.

The Health Unit is currently expanding its continuous AQ Monitoring network to improve geographic coverage and monitor air pollutants very closely. Five (5) new AQ Monitoring stations will be procured and commissioned within the next 2 financial years.

Figure 11 shows examples of the AQ Monitoring Stations operated by the Health Unit.



Continuous real-time Monitoring of Priority Pollutants and Meteorological Data.

The eThekweni Municipality’s continuous air quality monitoring network currently comprises of twelve air monitoring stations. Three of these are background stations, and seven are meteorological stations. The network instruments continuously measure the priority pollutants sulphur dioxide (SO_2), oxides of nitrogen (NO_x), particulate matter with an aerodynamic diameter less than 10 microns (PM_{10}), particulate matter less than 2.5 microns ($\text{PM}_{2.5}$), ozone (O_3), carbon monoxide (CO) and total reduced sulphur (TRS).

The current concentrations of particulate matter ($\text{PM}_{2.5}$ and PM_{10}) as measured are close to the Annual Standard (implying limited ability for the environment to assimilate more of this pollutant). This is of some concern for the future especially when viewed against the backdrop of the National standard being scheduled for review in 2015. It is expected that the new national standard will be significantly lower than the existing limit. Non-conformance against the PM standard may therefore be a possibility in the future if the current levels of concentration are sustained. This issue will receive consideration during the review of the Metro’s Air Quality Management Plan which is currently underway.

There are area specific “hot spots” (localised in nature) for certain pollutants which are dealt with via discrete projects and interventions.

Bubbler Method (Non - Continuous Monitoring)

This network uses a simple technique to monitor for SO₂ and smoke. The “smoke” component of the measurement is then extrapolated to PM₁₀.

The bubbler network indicates a similar decreasing trend for SO₂ annual averages. Particulate matter concentrations at one sampling station (Congella) were above the National PM₁₀ Annual Standard of 50 ug/m³.

The Congella site is situated in an area where traffic, especially heavy vehicles are predominantly responsible for the high levels measured. The data from this station is not representative of a region but of a very specific and confined area.

Atmospheric emission Licensing (AEL)

As per legal mandate, the Health Unit has issued a total of 29 AELs. These have included the major installations within the eThekweni Municipality. The development of these AELs has required specialized technical skills as the task involves the assessment of complex industrial processes. A specialist team was thus set up in 2012 and this team has become recognized as leaders in their field with current requests to capacitate staff from other municipalities in the province.

The metro has been at the forefront of developing the AEL process at local level and was the first city in the country to issue Air Emission licenses to the petroleum refining sector. In this regard AELs were issued to both the SAPREF and ENGEN Refineries

As part of this process, the unit has now reviewed four Industries Annual Environmental Performance Reports.

Food Safety

Food Safety forms one of the key responsibilities of Environmental Health Services at local government level. This regulatory function is conducted by executing 5 primary functions including,

1. Surveillance of Food premises: surveillance covers all related operations in the food processing and logistics chain.
2. Permitting and licensing of food related establishments.
3. Health Education of personal employed in the food industry. This includes the training of informal food handlers.
4. Routine and non-routine sampling and analysis of foods against Bacteriological and Chemical Standards.
5. Special projects aimed at improving the control of high risk food products.

In the above regard the following statistical overview provides some insight into the Health Units Food related activities.

Table 3

FOOD ESTABLISHMENTS			
Formal Food premises	No. of Premises Inspected	No. of Premises Compliant	No. of Premises non-compliant
	13032	8753	4279
Informal Food Premises	No. of Premises Inspected	No. of Premises Compliant	No. of Premises non-compliant
	7109	2333	4776
FOOD SAMPLING			
Food Sampling for Bacteriological Analysis	No. of samples Tested	No. of Samples Compliant	No. of Samples non-compliant
	6823	5320	1503
Milk (and Milk Products) sampling for Bacteriological Analysis	No. of Samples Tested	No. of Samples Compliant	No. of Samples non-compliant
	115	111	4
WATER SAMPLING			
Water samples for Bacteriological Analysis	No. of Water samples tested	No. of Water Samples Complaint	No. of Samples Compliant
	1597	833	764
OTHER SAMPLING ANALYSED ELSEWHERE AND NOT REFLECTED IN CHART...			
Food sampling for chemical analysis (FCDs)	No. of samples Tested	No. of Samples Compliant	No. of Samples non-compliant
	50	41	9
Skin Lightening Creams tested for banned substance Hydroquinone	No. of Samples Tested	No. of Samples Compliant	No. of Samples non-compliant
	28	8	20
Herbal products tested for heavy metals (Lead)	No. of Samples Tested	No. of Samples Compliant	No. of Samples non-compliant
	66	56	10

SPECIAL PROJECTS

Safe Supply of Milk and Milk Products to the EMA

Milk is a highly perishable foodstuff and unless this supply is adequately regulated it could pose significant health risk. The Health Unit's primary aim in regulating this food group is to ensure that all milk (and milk products) available within the EMA are safe for human consumption. The authority to exercise control over premises (dairies) situated outside, as well as within the EMA is conferred by the Milk (and Milk Products) Bylaw.

Food Stuffs, Cosmetics and Disinfectants Sampling - Chemical Analysis of Foodstuffs

As part of the National Food Sampling Program samples of high-risk foodstuffs were submitted to the National Department of Health's Forensic Chemistry Laboratory, in Pretoria, for chemical analysis. Samples were drawn from manufacturers, processors, packagers and retail.

Enforcement action is pending on non-compliant samples. The respective manufacturers have been contacted regarding the non-compliance issues and the unit is working together with them to improve compliance.

Cases of Lead Poisoning

The Health Unit was advised by a local hospital group of suspected cases of lead poisonings. The cases (7 in total) were investigated. The cause of the incident was traced to the consumption of an ayurvedic preparation imported into the country from India. The unit interacted with National and Provincial agencies on this matter. A recall of the product was then undertaken. The importing agent, as a pre-cautionary measure, voluntarily surrendered a significant quantity of associated products imported from the same company.

Seizure of Illegal Cosmetics (Skin Lightening Creams)

Skin lightening creams are widely used in the country. The chemical Hydroquinone was historically routinely added to such products as an active ingredient. Its use however posed significant health risks and its use in such preparations was banned. It has however been found that significant quantities of products containing the banned substance are being illegally imported into the country. Specific operations to remove these products have been initiated, non-compliant products have been seized and the products disposed.

The general public was made aware of the health risk associated with skin lightening creams. This message was conveyed via 3 media releases. There is also continuous liaison with the various role players, namely, the Port Authorities and Customs and Excise Department to ensure that these non-compliant products are seized at the Port of Entry and subsequently are not distributed into the retail market.

Health Education of Food Handlers in the Informal Food Sector

The Health Unit conducts health education and awareness campaigns within the informal food sector, this with the specific aim of reducing the risk of food borne illness and capacitating people within this segment of the market in relation to food safety.

Vector control

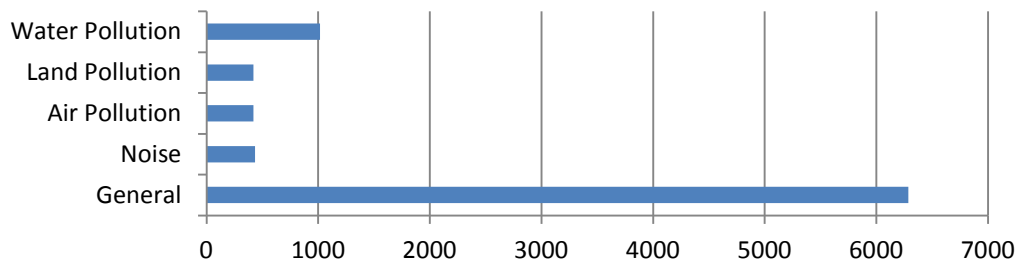
This programme is conducted via a specific section within the Health Unit; its mandate is derived directly from the 9 core functions of MHS. The rendering of this service has as its primary aim, surveillance, identification and control of vectors of disease. During the period under review there have been a number of outbreaks of Bilharzia which have required the intervention of this section.

Complaints management

The Health unit responds to a wide variety of health related complaints received from members of the public. The turnaround time for these complaints is 48 Hours.

The graph below give a broad overview of the number and category of complaints dealt with during the year under review.

EHS Compiants for the period July 2012 - June 2013



CHAPTER 4 - ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 INTRODUCTION

The Corporate & Human Resources Cluster of the eThekweni Municipality consists of the following Units: Human Resources, Organisational Development & Change Management, Occupational Health and Skills Development.

The Human Resources Unit is responsible for recruitment, selection, labour relations management, pay and leave administration, staff administration, grading and remuneration, sick leave management, employee wellness, rewards and recognition systems, performance management systems, talent management and succession planning, scarce skills retention initiatives, policy development & administration & organisational diagnostics.

The Corporate & Human Resources Cluster's functions and responsibilities address many of the IDP requirements to ensure effective service delivery and community development. These include raising the skills levels and development of employees; improving productivity, efficiency and effectiveness of the Municipality; and creating a positive organisational climate throughout the Municipality.

The Human Resources projects within the IDP for the 2012/2013 financial year include the following:

Human Resources Information System:

Since the launch of the HR System Dynamic Resource Link, employees have benefited greatly from a fully integrated online Human Resources Management Information System that has accommodated the needs of the Municipality. From reducing costs, increasing flexibility to paperless procedures, this system was set up to make life simpler for employees together with promoting empowerment. The Human Resource Information System is an online, real time, automated computer package used by the organisation to facilitate HR, Line and Employees' HR support. It assists the organisation to roll out various business processes required to maintain an efficient and effective HR functionality.

To date, HR has implemented the modules which cover areas of the Establishment /Organogram, Payroll, Health & Safety, Occupational Health, Industrial Relations, Discipline & Grievances, Performance Management, Skills, Leave, Employee Self Service, Employment Equity and e-Recruitment. Manager and Employee Self Service has further been made available to those employees that are on Outlook. A suite of reports are also available to Line Management. The latest addition has been the Time Management module for Executive employees who now have the ability to apply for and authorize leave online, together with the e-mail functionality of approval notifications. With the rapid developments taking place at HR, we are sure to be experiencing a more efficient and effective system at our fingertips.

E-Recruitment:

Allied to the Human Resources Information System is the electronic recruitment system. This project encompasses the development and implementation of an on-line electronic recruitment system that will provide a professional and cost effective recruitment process with improved turnaround time. Further, benefits of this system include (1) managing the quality of recruitment for the organisation; (2) reducing recruitment costs and administration; (3) standardising the recruitment process; (4) improving applicant experience and time to hire.

To date, we have achieved success in the following areas:

- Completion of configuration of our system.

- Developed additional applications that will further refine and streamline our recruitment business process.
- Established online application centres around the eThekweni region which attempts to provide citizens from disadvantaged communities with the platform and facilities to come and conduct their job search on line at no cost to themselves. This initiative resulted from our understanding that unemployed people have to invest in fares to get to the CBD to submit multiple applications. This will reduce the financial burden on them.
- The Unit is in the process of developing a web page for HR recruitment to showcase not only what we have to offer in terms of diverse career choices, but we are aiming to present eThekweni as an employer of choice.
- The Unit is in the process of implementing a marketing strategy which will include radio slots and radio interviews, municipal billboards etc.

Internal Perception Study:

A number of interventions have emanated from the three red flag areas identified by eThekweni Municipality's organisation-wide perception survey conducted in 2007. The three areas identified included Leadership, Communication and Values & Culture. This process has evolved into a multi-functional palliative project, utilising organisational diagnostic indices and HR metrics to assist in identifying areas requiring intervention. This has led to the emergence of a number of strategies and initiatives, both HR Unit specific and organisation-wide. This project has synergies with a number of functional areas within the Municipality, such as labour relations and employee wellness.

Performance Management:

This project was implemented to comply with the requirements of the Municipal Systems Act in regard to the implementation of a Performance Management System for all employees. To date, Performance Management has been rolled-out down to TASK Grade 7; the cumulative total number of staff who have attended training workshops from the project's inception is approximately 10,850 with 2332 TASK Grade 5&6 employees trained in the last 12 months. Moreover, eThekweni Municipality is being used by other municipalities as a point of reference, proving itself as a leading benchmark for local government institutions.

Sick Leave Management:

The sick absenteeism management strategy was implemented organisation-wide to ensure consistency in the management of sick absenteeism. It further compels all roles players to take active responsibility in the management of sick absenteeism through early detection and early intervention. An in-house sick absenteeism management system has been developed to enable report generation of trends, analysis and calculation of the sick absenteeism rate for departments, units, clusters and the organisation. HR practitioners at the units have been trained to access this information to provide to line management. Training on how to manage sick absenteeism is now included in all induction sessions held for new supervisors and line managers. Awareness of sick leave management is also included in the induction sessions for all new employees.

Talent Management:

Following the adoption of a Talent Management Strategy by the Municipality in January 2011, Talent Management Committees (TMC's) have been convened in all the Clusters. These TMC's focussed on succession plans and development plans for senior and top management. Competency development and profiling of relevant employees was also done in all the Clusters which led to the identification of two broad critical skills development areas, viz, Leadership Development and Coaching and Mentoring. An accredited service provider was appointed to facilitate Coaching and Mentoring workshops for our senior and top management, with very positive feedback. We intend partnering with educational institutions in regard to a customised Leadership

Development Programme. The core challenge with the implementation of talent management is to ensure that it is seen by top and senior management as one of the core business imperatives and becomes part of the annual business cycle. A pilot project was also started within the Human Resources Unit to assess the competencies and development needs of all HR Practitioners through the use of psychometric assessments, with the objective of enhancing the professionalism of the human resources function within the Municipality.

HR Graduate Training Programme:

There are a number of interventions and activities directed by the HR Unit which exist outside of the IDP ambit, for example, the HR Graduate Training Programme. This programme allows HR graduates to undergo training over a two year period in all aspects of HR management, and serves as a feeder scheme into eThekweni Municipality's Human Resources Unit. The programme commenced in 2008 and has proven to be highly successful. All ten graduates sourced in 2008 were permanently recruited by eThekweni Municipality after the completion of their programme, and the second intake of graduate trainees completed their training on 30 November 2012. Importantly, this programme complements our Employment Equity Plan and Talent Management Strategy which enhances initiatives aimed to diversify our workplace.

4.2 EMPLOYEES

The Municipality has embarked on an extensive campaign to fill its funded critical & vacant posts. Every effort is being made to ensure that all funded critical & vacant posts are being filled to optimize effective service delivery at all levels. It should be noted however that in view of the normal process of natural attrition (labour turnover) there will at all times be a certain number of vacancies in the organisation which is unavoidable.

Table 4.2.1 Employees as at 30th June 2013 (Funded Permanent Posts)				
Description	2012/2013			
	Funded Posts	Employees	Funded Vacancies	Vacancies
	No.	No.	No.	%
Water (Water & Sanitation)	3369	2879	490	14.54
Waste Water (Sanitation)				
Electricity	2573	2154	419	16.28
Waste Management (Cleansing & Solid Waste)	2154	2001	153	7.10
Housing	469	306	163	34.75
Waste Water (Stormwater Drainage) (Engineers Stormwater)	1525	1261	264	17.31
Roads (Engineers Roads)	238	209	29	12.18
Transport (Transport Authority)	172	124	48	27.90
Planning (Planning & Development)	217	182	35	16.12
Local Economic Development (Economic Development & Investment Promotion)	46	35	11	23.91
Community & Social Services (Parks, Leisure & Cemeteries)	3586	3302	284	7.91
Environmental Protection	36	32	4	11.11
Health	1396	1146	250	17.90
Security and Safety	3468	3165	303	8.73
Sport and Recreation (Sports & Development)	19	19	0	0
Corporate Policy Offices and Other	5314	4187	1127	21.20

(Corporate & Human Resources, Governance & Office of the City Manager)				
Totals	24582	21002	3580	14.56

Table 4.2.2 Vacancies as at 30 June 2013. (Funded Permanent Posts)

Designations	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	0
CFO	1	0	0
Other S57 Managers (excluding Finance Posts)	6	2	33.33
Other S57 Managers (Finance posts)	0	0	0
Police officers	1601	29	1.81
Fire fighters	359	75	20.89
Senior management: TK 16-18 (excluding Finance Posts)	345	59	17.10
Senior management: TK 16-18 (Finance posts)	30	11	36.66
Highly skilled supervision: TK 11-13 (excluding Finance posts)	3011	527	17.50
Highly skilled supervision: TK 11-13 (Finance posts)	278	64	23.02
Total	5632	767	13.61
Note: * Posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made).			

Table 4.2.3 Turn-over Rate

Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
2008/2009	2053	466	2.96%
2009/2010	2287	471	2.84%
2010/2011	2643	632	2.69%
2011/2012	1895	815	3.63%
2012/2103	2024	820	3.54%
* Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year			

4.3 MANAGING THE MUNICIPAL WORKFORCE

The Municipal Systems Act of 2000, Section 67 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair, efficient, effective, and transparent personnel administration in accordance with the Employment Equity Act of 1998.

Range of policies and management practices

The Municipality operates with an array of policies which is made available to staff during induction & via the intranet. The eThekweni Municipality has made much progress in the development and implementation of the required workforce policies and procedures. It is constantly reviewing these to ensure their continued applicability and relevancy and developing new policies and procedures where required.

Table 4.3. HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by Council or comment on failure to adopt
1	Affirmative Action	100%	100%	15 August 1994, 12 August 2004 (as amended)
2	Attraction and Retention	100%	100%	10-Mar-06
3	Code of Conduct for employees	100%	100%	19-Sep-01
4	Delegations, Authorisation & Responsibility	90.00%	100%	Being facilitated by Legal
5	Disciplinary Code and Procedures	100%	100%	21-Apr-10
6	Essential Services	100%	100%	30 June 1997, 17 Nov 2008 (as amended)
7	Employee Assistance / Wellness / Substance Abuse	100%	100%	29 April 2003, 8 June 2008 (as amended)
8	Employment Equity	100%	100%	1-Jan-09
9	Exit Management	100%	100%	5-Jul-05
10	Grievance Procedures	100%	100%	11-Jul-03
11	HIV/Aids	100%	100%	14-Nov-01
12	Human Resource and Development	100%	100%	4-May-07
13	Information Technology	100%	100%	24-Aug-07
14	Job Evaluation	100%	100%	1-Sep-02
15	Leave	100%	100%	1-Jan-04
16	Occupational Health and Safety	100%	100%	Comply with Act
17	Official transport to attend Funerals	100%	100%	18/04/2011
18	Official Working Hours and Overtime	100%	100%	1 Jan 2004, 1 July 2007 (as amended)
19	Organisational Rights	100%	100%	25-Apr-05
20	Payroll Deductions	100%	100%	8-Apr-04
21	Performance Management and Development	100%	100%	28-May-09
22	Recruitment, Selection and Appointments	100%	100%	12-Aug-04
23	Remuneration Scales and Allowances	100%	100%	21-Apr-10
24	Sexual Harassment	100%	100%	21-Oct-02
25	Skills Development	100%	100%	Comply with Act
26	Smoking	100%	100%	16-Jul-01
27	Scarce Skills	100%	100%	
28	Uniforms and Protective Clothing	100%	100%	3-Jun-91

Table 4.3. HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by Council or comment on failure to adopt
29	AARTO	90.00%		Pending National Deployment
30	Employee Parking Policy	100%	100%	29-Sep-10
31	Talent Management	100%	100%	15-Sep-10
32	Dress Code Guidelines	100%	100%	2-Aug-10
33	Ex-gratia Compensation for loss of Personal effects	100%	100%	2-Aug-10
34	Incapacity Management Policy & Procedures / Ill Health / Injury	100%	100%	25-Apr-06
35	Guidelines on Secondment & Transfers	100%	100%	10-Sep-07
36	Re-Imbursive Locomotion Allowance Scheme	100%	100%	1999 Scheme
37	Notching on Appointment	100%	100%	19-Jul-10

4.4 CAPACITATING THE MUNICIPAL WORKFORCE

The Municipality has several well developed capacity development programmes and systems in place including annual Workplace Skills Plans (WSPs), Learnerships and Apprenticeship schemes, Graduate Development Programmes, Talent Management & Succession Planning programme, Assisted Education programme, Bursary Schemes and a range of internal short courses.

4.5 MANAGING THE WORKFORCE EXPENDITURE

The eThekweni Municipality's strategic challenge of managing human capital is included as a strategic focus area in Plan 5 "Empowering our Citizens" of the IDP. While managing the expenditure is governed through S66 of MFMA Act 56 of 2003.

The economic challenges faced by the Municipality include, optimising productivity and rand value, balancing compensation for performance results, the growing dilemma of providing health care and wellness programmes for all employees, hiring and retaining professional staff and raising and addressing the skills levels of employees. The strategic and economic challenges are managed through the many key policies and programmes: some of which include affirmative action and employment equity, code of conduct of employees etc.

Managing a workforce of about 21000 permanent employees and 2000 temporary staff is both a responsibility of Human Resource and IT that supports human capital through integrated software. The recently acquired DRL software to manage the human resource in an integrated way will consolidate many of the stand-alone programs which often provide a mish-mash of information.

Financially, all vacancies and programmes are approved at the budget period in line with the strategic focus areas identified in the IDP. Any new posts or changes to a job during the year will have to be approved through the strategic forum comprising the Deputy City Managers and the City Manager. However, these approvals are subject to funding availability and adjustment budgets. All of the above is provided for on an annual basis and monitored on a monthly basis with reports submitted to EXCO and the Council throughout the year.

4.6 OCCUPATIONAL HEALTH

As the 2012/13 financial year concluded, the many challenges that faced the unit were effectively mitigated and outputs were met as required and even exceeded due to innovation and ingenuity.

By 2030 the eThekweni Municipality (EM) will enjoy the reputation of being Africa's most liveable city where all will live in harmony. This vision will be achieved by growing its economy and meeting people's needs so that all citizens enjoy a high quality of life with equal opportunities in a city that they are truly proud of.

In order to achieve this leadership and visionary role in the municipality fraternity, the eThekweni Municipality has realised that this is possible only through the commitment and wellbeing of their people and continues to invest in attracting and retaining high performance staff while maintaining a sustainable performance culture.

Through adhering to its vision and values eThekweni Municipality understands the major health issues confronting eThekweni Municipality staff and this has informed and become the core focus of its in-house integrated Occupational Health and Safety Programme.

The Occupational Health and Safety Unit has several programmes that focus on employee safety and health and workplace hygiene, including additional programmes such as the implementation of the workplace HIV/ AIDs wellness programme that is unique to the needs and requirements of eThekweni Municipality.

These integrated programmes provide targeted, customised interventions designed and implemented to ensure compliance with health and safety legislation; creation of a safe and health-promoting work environment, prevention of accidents and injuries and facilitate effective behaviour change for better health and safety within the target worker population.

In line with above, in the financial year under review, the Occupational Health and Safety Unit achieved and exceeded 100 % of its SDBIP targeted interventions in respect of periodic medicals, Health risk assessments, HIV counselling and testing programmes, wellness programmes, peer educator programmes, safety audits, safety training and safety inspections and comprehensive safety interventions to reduce the Disabling Injury Frequency Rate relevant to Injuries on Duty.

This year, 11 180 scheduled risk-based medicals were completed (i.e. replacement medicals, periodic medicals, immunizations and biological monitoring), 5087 primary health care consultations and 53 medical incapacity assessments.

48 planned occupational hygiene surveys were completed as per schedule (100 % achieved).

These surveys measure hazards and assess risk in a scientific way e.g. noise levels, dust levels, chemical levels in the air, biological hazards etc. The main focus areas this year include hazardous biological agents in health clinics, museums and wastewater treatment works, noise surveys in wastewater works, City Fleet, Ergonomics surveys in Treasury, biological hazard surveys in Parks/Cemeteries and Hazardous Chemical Surveys at various sites.

113 Peer educators were trained this year. 45 new peer educators successfully completed the initial training as peer educators. 68 peer educators had refresher update training.

107 wellness programmes were achieved this year. This exceeded the target of 80.

110 HIV counselling and testing campaigns were completed this year. This exceeded the target of 80 per year. The Unit completed 3049 HIV counselling and tests for employees this year.

In respect of Health and Safety Training; aimed at promoting health and safety and thereby increasing productivity - 9272 employees were trained, exceeding the target of 6900. Higher demands by line management and the Workplace Skills Plans for 2012/2013 resulted in the overachievement. Health and Safety courses offered include Health and Safety Induction, Health and Safety Representatives training, General Health and Safety and Fire awareness training.

Health and Safety Training of 119 Small Contractors occurred to ensure that small contractors are enabled to comply with legislation in particular with Construction Regulation of Occupational Health and Safety Act especially as they are involve in Council construction projects.

Health and Safety Inspections, is a pro-active intervention to identify hazards in the workplaces. 671 issue-based inspection and additional inspections were completed. The main focus areas for inspections were Procurement and Infrastructure Cluster, Health, Safety and Social Services Cluster, City Fleet, Market and City Health.

Health and Safety Committees were established and resurrected in the Real Estate Unit, City Police Unit, Cleansing and Solid Waste Unit and Water and Sanitation Unit.

There has been a decrease in the Disabling Injury Frequency rate this year due to the success of proactive programmes such as Health and Safety Inspections, Risk Assessments, Compliance Audits, Workplace surveys and Health and Safety Training and awareness contributed positively to this achievement.

As a unit, issues of attracting and retaining scarce skilled staff is on-going with a number of skilled staff leaving and the inability to attract new staff. Every effort has been made to increase our ability to attract and retain staff which includes motivation for the payment of scarce skills allowances to those categories of staff that were found, through market research, to be possessing scarce skills.

In order to ensure continued improvement in service delivery, the OHS Unit is continuing with an internal restructuring process to create an efficient and effective Occupational Health and Safety service for the Municipality.

Synergy is fostered on a continuous basis between Occupational Health and Safety Unit and various Employee Health and Wellbeing stakeholders in the municipality such as Human Resources, all Line units' management and the Employee Assistance Wellness programme.

The Injury on Duty process review was completed to ensure that the Injury on Duty reporting process is streamlined.

The Occupational Health and Safety Unit has also implemented an electronic reporting system in conjunction with the Information Systems department to enhance efficiency within the unit.

Overall 2012/13 has been a year of remarkable achievements in the face of significant challenges.

CHAPTER FIVE – FINANCIAL PERFORMANCE

The municipality reports a strong financial profile, characterised by diverse earnings and strongly cash generative operations. Particularly strong growth in terms of rates and electricity has seen eThekweni report high revenue growth and robust surpluses during the period under review. Accordingly, debt serviceability has remained sound, as earnings growth has outstripped debt raising activity.

The municipality reports robust solvency and a lowly geared balance sheet, with net debt to total income of 24% at 30 June 2013. With only R1bn of new debt to be raised in each of the next three years, gearing measures are expected to remain moderate.

The revenue results for the year under review have improved compared to prior year. The overall improvement on the previous year actual amount to 9.5 % and the real improvement after eliminating tariff increases is 3%. The main contributing factor for this achievement in the actual figures can be attributable to the growth in the local economy.

The municipality received a one notch improvement in its credit rating from Global Credit Rating Co to AA- (Long Term) and A1+ (Short Term) with a stable outlook. This is the highest rating awarded in the municipal sector and is a good indicator of the confidence lenders of finance and other external stakeholders have in the financial stewardship of the eThekweni municipality.

Due to a sustained high collection rate throughout the review period, the cash resources of the municipality remained in a healthy position to close at R 5,2 billion at year end. This enabled the municipality to defer its projected long term borrowing of R 750 million to the new year with no loans having been taken out during 2013. The City's cash flow has increased to an impressive 97 days cash on hand at year end which surpasses the 90 day norm as set by the National Treasury.

Due to the judicious investment of surplus funds by the municipality's Treasury team, an overall average return of 5.52 % was achieved for the financial year ended 30 June 2013.

The above average investment return translated to an additional R 13,6m in interest earnings over what would have been received had the benchmark rates been applied.

The Durban Pension Fund (DPF), a defined benefit fund, revised its investment strategy in respect of the investment of the pensioners' assets to more closely match the pensioners' liability. By doing so, the DPF has reduced Council's exposure to meet any funding shortfalls of the Fund, should these arise.

The Energy Office, responsible for Climate Change Mitigation in the municipality, continued to receive national and international acknowledgement as a leader in the sector. The Energy Office was invited by the World Bank to participate in the City Energy Efficiency Transformation Initiative and Smart Cities Expo World Congress to share experiences in implementing energy efficiency programs in the developing world context.

The Energy Office was able to report a 1% reduction in overall electricity consumption for the year (from a 2010 baseline). This equates to an operating savings of R2.7 million for the municipality.

The Supply Chain Management (SCM) unit is the process of reviewing all SCM's controls and processes to ultimately obtain an ISO 9001 accreditation. Part of the review process was to appoint an internationally recognized service provider to review and benchmark all processes to international best practice and similar organization as part of the drive to be best in class. This is a three year process of which the first year's deliverables have been achieved.

In aligning with regulation and National Treasury Circulars, the SCM Policy was revised and approved/adopted by Council.

Better monitoring and control tools have been implemented such as the procurement schedule and the contracts register to ensure better management of requests and contracts for continuous uninterrupted service delivery.

The eThekweni Municipality developed and released its second General Valuation in terms of the Municipal Property Rates Act on 10 February 2012. Since then it has completed assessment of all 10 734 Objections received thereto which have resulted in some 787 Appeals against the Objection outcome decision by the City Valuer. The Appeals Board has heard 548 of these at this stage. The Municipality has also adopted an approach of backdating where warranted, Supplementary Valuations to the General Valuation 2008. As a consequence, the Municipality published 3 Supplementary Rolls to GV2012 and 3 Supplementary Rolls to GV2008 in the year of review. This practice smooths rates income change impact for both Owners and the Municipality and exceeds legislative requirements. Property and property rights acquisitions to support capital and operational needs exceeded budget provisions as did property rental income.

The Municipality currently has a fleet of some 6500 vehicles, buses and plant and our average vehicle availability rate over the year remains 97%. The Vehicle Monitoring Centre which operates on a 24/7 basis implemented a real time approach to vehicle monitoring which played a major role in reducing unauthorized vehicle usage as well as identifying staff members using Municipal vehicles that have been granted a car allowance.

An upgrade of the four (4) bus depots (phase1) was completed at a cost of R52 million which also included the construction of new bus washing facilities incorporating the use of recycled water together with the harvesting of rainwater which has seen a saving in excess of 3 million litres per annum in the use of Municipal water.

The introduction of the new Electronic Passenger Fare Revenue System named MUVO was finalized in the Durban Transport Bus operation and this included the employment of 38 additional staff members to undertake the selling function for the smart cards as well as providing technical support.

National Treasury's report on the tabled 2012/13 Medium Term Revenue and Expenditure Framework (MTREF) on the eThekweni Municipality was full of praise, as can be seen from the following extracts from their report:

There is satisfactory evidence that the municipality has a budget process underpinned by adequate political oversight with the Executive Mayor and Deputy Mayor providing leadership in ensuring that council objectives are well articulated to the broader spectrum of stakeholders.

The projected tariff increases are for the 3 years of the 2012/13 MTREF period and in line with the principle of multi-year planning and budgeting.

A matrix showing the linkages between national and provincial government priorities has been included in the IDP.

There is satisfactory evidence that national priorities of government that were pronounced by the President in the State of the Nation Address were taken into account when the municipality compiled its 2012/13 Medium Term Revenue and Expenditure Framework.

There is also evidence of strong alignment between the budget and IDP, as shown by the growing allocations in the capital budget being reflective of council objective to expand the provision of basic services to households.

The municipality seems to have an appropriate funding mix for its capital budget and that is complemented by informed capital expenditure allocations between new assets and the asset renewal programme.

In addition, National Treasury, during their Mid-year Budget and Financial Performance assessment in respect of the 2012/13 year, complemented the Municipality relating to the following:

Asset Management:

The municipality has a well developed technical tool designed to manage its enormous infrastructure assets. This management tool enables the municipality to determine the condition of residual life consumed, population served by the assets, redundancy allowance etc. This information assists the municipality in repairing and maintaining its ageing infrastructure. Furthermore, it is noted that the tool is aligned to GRAP 17 requirements.

Risk Management:

The municipality also has improved risk processes when compared to prior year's reporting, as evidenced by the appointment of a Chief Risk Officer during the financial year ended 30 June 2012. A risk register is in place and updated, regularly. Also, a formal risk management structure (organogram) is in place, showing clear lines of reporting and accountability. Furthermore, the structure constitutes risk management committees linked to the EXCO, Audit and Risk Committee, Business Unit Risk Committee, including a municipal-wide risk management forum. In addition, it has been reported that risk management processes considers the primary challenges that the municipality faced around SCM issues, as identified in previous year's audit reports.

The Annual Financial Statements were completed within the statutory timeframe.

The Annual Financial statements, appendix A, include the statement of financial performance, financial position and cash flow. These statements are followed by a financial commentary, supplementary information, and notes to the financial statements.

The City remains pivotal to the South African economy contributing approximately 16% of the country's GDP and Housing over 3.4 million people in Durban. The analysis of the Municipality's financial statements reveals the Municipality's drive to increase capital expenditure and maintain stable operating expenditure.

The Municipality also continued its proud record of always receiving an unqualified audit report since inception. It should be noted that this is a remarkable achievement that can be matched by very few municipalities in the country.

STATEMENTS OF FINANCIAL PERFORMANCE										
Financial Summary										
R' 000										
Description	Previous Year 2011/2012			2011/2012 Variance		Current Year 2012/2013			2012/2013 Variance	
	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance										
Property rates	4 470 000	4 620 707	4 350 799	-2.67%	-5.84%	4 844 103	4 844 103	4 967 942	2.56%	2.56%
Service charges	12 248 267	11 979 372	11 428 037	-6.70%	-4.60%	13 513 490	13 514 287	12 499 079	-7.51%	-7.51%
Investment revenue	315 221	320 757	313 605	-0.51%	-2.23%	234 754	238 754	442 084	88.32%	85.16%
Transfers recognised - operational	1 899 750	2 055 743	1 951 227	2.71%	-5.08%	2 126 964	2 192 674	2 026 005	-4.75%	-7.60%
Other own revenue	2 352 666	3 143 397	2 709 986	15.19%	-13.79%	2 633 176	2 719 387	2 769 546	5.18%	1.84%
Employee costs	5 337 350	5 351 678	6 475 740	21.33%	21.00%	5 997 367	6 038 420	5 883 084	-1.91%	-2.57%
Remuneration of councilors	79 705	85 752	84 751	6.33%	-1.17%	83 766	88 632	88 538	5.70%	-0.11%
Depreciation & asset impairment	1 639 561	1 640 056	1 530 644	-6.64%	-6.67%	1 777 563	1 739 887	1 666 244	-6.26%	-4.23%
Finance charges	1 194 934	1 130 234	866 281	-	-23.35%	1 239 138	1 215 198	931 766	-24.81%	-23.32%
				27.50%						
Materials and bulk purchases	6 919 128	6 930 856	6 666 970	-3.64%	-3.81%	7 858 874	7 885 354	7 557 474	-3.84%	-4.16%
Transfers and grants	166 319	150 079	141 694	-	-5.59%	184 819	279 365	173 991	-5.86%	-37.72%
				14.81%						
Other expenditure	5 882 416	6 723 448	4 729 293	-	-29.66%	6 222 849	6 342 534	5 271 754	-15.28%	-16.88%
				19.60%						
Transfers recognised - capital	2 200 491	1 478 941	1 458 514	-	-1.38%	2 831 077	1 636 016	1 631 745	-42.36%	-0.26%
				33.72%						
Surplus/(Deficit) after capital transfers & contributions	2 266 982	1 586 814	1 716 795	-	8.19%	2 819 188	1 555 830	2 729 934	-3.27%	75.46%
				24.27%						
Contributions recognised - capital & contributed assets										

<u>Capital expenditure & funds sources</u>										
Capital expenditure	5 082 596	3 873 377	3 483 263	- 31.47%	-10.07%	5 285 263	4 300 034	3 468 713	-34.37%	-19.33%
Transfers recognised - capital	2 200 491	1 478 940	1 456 754	- 33.80%	-1.50%	2 831 077	1 636 016	1 631 745	-42.36%	-0.26%
Public contributions & donations	–	–				55 000	55 000		- 100.00 %	-100.00%
Borrowing	2 000 000	1 000 000	1 000 000	- 50.00%	0.00%	1 500 000	750 000	–	- 100.00 %	-100.00%
Internally generated funds	882 105	1 394 437	1 026 509	16.37%	-26.39%	899 186	1 859 018	1 650 229	83.52%	-11.23%
Total sources of capital funds	5 082 596	3 873 377	3 483 263	- 31.47%	-10.07%	5 285 263	4 300 034	3 468 713	-34.37%	-19.33%
<u>Financial position</u>										
Total current assets	10 758 093	10 413 632	10 956 537	1.84%	5.21%	9 928 113	10 778 932	11 635 504	17.20%	7.95%
Total non-current assets	35 340 881	34 908 394	34 690 163	-1.84%	-0.63%	38 671 967	38 042 054	36 861 254	-4.68%	-3.10%
Total current liabilities	6 826 811	6 776 016	8 042 837	17.81%	18.70%	7 152 015	7 992 855	9 125 146	27.59%	14.17%
Total non-current liabilities	13 760 859	12 760 859	12 859 425	-6.55%	0.77%	12 690 466	12 049 180	11 924 244	-6.04%	-1.04%
Community wealth/Equity	25 511 304	25 785 151	24 744 438	-3.01%	-4.04%	28 757 599	28 778 951	27 447 368	-4.56%	-4.63%
<u>Cash flows</u>										
Net cash from (used) operating	4 451 923	3 990 308	4 529 011	1.73%	13.50%	4 966 211	4 131 348	4 644 475	-6.48%	12.42%
Net cash from (used) investing	(5 064 662)	(3 986 407)	(3 404 043)	- 32.79%	-14.61%	(5 296 696)	(4 295 933)	(3 353 698)	-36.68%	-21.93%
Net cash from (used) financing	1 402 209	402 209	568 550	- 59.45%	41.36%	705 481	(44 519)	(792 218)	- 212.29 %	1679.51%
Cash/cash equivalents at the year end	4 013 788	3 513 788	4 801 196	19.62%	36.64%	4 072 407	3 488 307	5 299 753	30.14%	51.93%
<u>Cash backing/surplus reconciliation</u>										
Cash and investments available	4 013 788	3 513 788	4 801 196	19.62%	36.64%	3 488 307	3 488 307	5 329 463	52.78*%	52.78%
Application of cash and investments	627 643	3 199 046	1 230 000	95.97%	-61.55%	374 275	7 978 039	375 000	0.19%	-95.30%

Balance - surplus (shortfall)	3 386 145	314 742	3 571 196	5.46%	1034.64%	3 114 032	(4 489 732)	4 924 753	58.15%	-209.69%
<u>Asset management</u>										
Asset register summary (WDV)	33 860 886	33 428 399	33 677 781	-0.54%	0.75%	37 609 146	37 609 146	35 536 308	-5.51%	-5.51%
Renewal of Existing Assets	1 865 420	1 089 873	1 165 803	- 37.50%	6.97%	1 846 784	1 584 255	1 511 077	-18.18%	-4.62%
Repairs and Maintenance	2 238 066	2 223 364	1 804 936	- 19.35%	-18.82%	2 489 703	2 519 318	1 768 000	-28.99%	-29.82%
<u>Free services</u>										
Cost of Free Basic Services provided	1 308 048	1 308 048	940 808	- 28.08%	-28.08%	940 808	1 130 808	68 301	-92.74%	-93.96%
Revenue cost of free services provided	2 470 504	2 470 504	2 185 430	- 11.54%	-11.54%	2 185 430	2 387 430	67 305	-96.92%	-97.18%
<u>Households below minimum service level</u>										
Water	–	56	73		30.20%	73	74	73	0.00%	-1.35%
Sanitation/ Sewerage	148	271	219	47.97%	-19.19%	219	283	219	0.00%	-22.61%
Energy	345	345	358	3.77%	3.77%	358	358	86	-75.94%	-75.94%
Refuse	–	–	-			–	–	-		
Variances are calculated by dividing the difference between actual and original/adjustments budget by original/adjusted budget. This table is aligned to MBRR table A1										

Financial Performance of Operational Services										
R '000										
Description	2011/2012			Variance		2012/2013			Variance	
	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
<u>Operating Cost</u>										
Water	2,846,826	2,855,059	2,633,445	-7.50%	-7.76%	3,171,412	3,175,362	3,019,948	-4.78%	-4.89%
Waste Water (Sanitation)	804,275	801,957	853,120	6.07%	6.38%	960,992	959,237	897,620	-6.59%	-6.42%
Electricity	7,965,361	7,603,611	7,485,319	-6.03%	-1.56%	8,705,915	8,705,915	8,386,428	-3.67%	-3.67%
Waste Management	799,702	800,228	871,478	8.98%	8.90%	886,227	886,227	922,229	4.06%	4.06%
Housing	450,359	1,386,536	535,065	18.81%	-61.41%	592,973	616,538	704,416	18.79%	14.25%
Component A: sub-total	12,866,523	13,447,391	12,378,426	-3.79%	-7.95%	14,317,518	14,343,278	13,930,641	-2.70%	-2.88%
Waste Water (Stormwater Drainage)	99,937	101,032	109,994	10.06%	8.87%	–	–	–	0.00%	0.00%
Roads	1,331,637	1,348,587	1,252,742	-5.92%	-7.11%	1,528,215	1,650,127	1,498,954	-1.91%	-9.16%
Transport	186,210	202,852	221,011	18.69%	8.95%	–	–	–	0.00%	0.00%
Component B: sub-total	1,617,784	1,652,471	1,583,747	-2.10%	-4.16%	1,528,215	1,650,127	1,498,954	-1.91%	-9.16%
Planning	–	–	–			–	–	–		
Local Economic Development	541,154	518,114	357,864	-33.87%	-30.93%	758,273	813,238	716,647	-5.49%	-11.88%
Component B: sub-total	541,154	518,114	357,864	-33.87%	-30.93%	758,273	813,238	716,647	-5.49%	-11.88%

Planning (Strategic & Regulatory)	370,398	372,728	340,707	-8.02%	-8.59%	–	–	–	0.00%	0.00%
Local Economic Development	–	–	–			–	–	–		
Component C: sub-total	370,398	372,728	340,707	-8.02%	-8.59%	–	–	–	0.00%	0.00%
Community & Social Services	571,133	557,716	530,707	-7.08%	-4.84%	650,708	650,657	630,348	-3.13%	-3.12%
Environmental Protection	121,075	126,858	117,631	-2.84%	-7.27%	129,917	131,929	129,426	-0.38%	-1.90%
Health	193,425	192,545	300,517	55.37%	56.08%	265,698	264,207	337,050	26.85%	27.57%
Security and Safety	1,107,144	1,151,133	980,749	-11.42%	-14.80%	1,269,336	1,312,211	1,176,760	-7.29%	-10.32%
Sport and Recreation	847,329	975,928	948,646	11.96%	-2.80%	1,085,396	1,074,146	1,128,651	3.99%	5.07%
Corporate Policy Offices and Other	2,983,447	3,017,219	2,956,378	-0.91%	-2.02%	3,359,316	3,349,598	2,024,374	-39.74%	-39.56%
Component D: sub-total	5,823,553	6,021,399	5,834,629	0.19%	-3.10%	6,760,370	6,782,746	5,426,609	-19.73%	-19.99%
Total Expenditure	21,219,412	22,012,103	20,495,373	-3.41%	-6.89%	23,364,376	23,589,388	21,572,851	-7.67%	-8.55%

5.2 GRANTS

Grant Performance										
R' 000										
Description	2011/2012			2011/2012 Variance		2012/2013			2012/2013 Variance	
	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustment Budget (%)
<u>Operating Transfers and Grants</u>										
National Government:	3 004 971	3 004 971	3 087 276	3%	3%	3 813 011	3 810 011	3 339 670	-12%	-12%
Equitable share	1 581 802	1 581 802	1 581 802	0%	0%	1 769 412	1 769 412	1 769 412	0%	0%
Urban Settlements Development Grant	1 091 574	1 091 574	1 063 205	-3%	-3%	1 287 560	1 287 560	1 315 929	2%	2%
Financial Management Grant	1 250	1 250	1 250	0%	0%	1 500	1 500	1 500	0%	0%
SRSA	–	–	–	0%	0%	28 923	28 923	28 923	0%	0%
Infrastructure Skills Development Grant	14 500	14 500	10 423	-28%	-28%	25 930	22 930	19 773	-24%	-14%
PTIF	205 000	205 000	354 161	73%	73%	599 702	599 702	128 520	-79%	-79%
Vuna Awards	801	801	801	0%	0%	188	188	188	0%	0%
National Economic Development	–	–	–	0%	0%	125	125	125	0%	0%
Expanded Public Works Programme	22 860	22 860	22 860	0%	0%	42 356	42 356	24 471	-42%	-42%
Neighborhood Development Grant	2 091	2 091	2 091	0%	0%	10 000	10 000	3 514	-65%	-65%
Demand Side Management	45 000	45 000	13 228	-71%	-71%	31 772	31 772	31 772	0%	0%
Department of Environment Affairs	9 550	9 550	6 912	-28%	-28%	2 768	2 768	2 768	0%	0%
Special Grant-IGR	–	–	–	0%	0%	7 775	7 775	7 775	0%	0%
National Electrification Programme	30 500	30 500	30 500	0%	0%	5 000	5 000	5 000	0%	0%
National Research Fund	43	43	43	0%	0%	0	–	0	0%	0%

Provincial Government:	177 356	177 356	227 773	28.43%	0.28	371 782	371 782	265 843	-28.49%	-28%
Housing	61 542	61 542	116 383	89%	89%	182 303	182 303	153 030	-16%	-16%
Department of Arts and Culture : KZN	4 983	4 983	2 115	-58%	-58%	77 609	77 609	3 360	-96%	-96%
Department of Co operative Governance and Traditional Affairs	6 925	6 925	5 369	-22%	-22%	1 793	1 793	1 793	0%	0%
Trade & Investments	–	–	–	0%	0%	104	104	104	0%	0%
Grant Accreditation	240	240	240	0%	0%	4 525	4 525	4 584	1%	1%
KZNPA Subsidy	26 746	26 746	26 746	0%	0%	19 453	19 453	19 453	0%	0%
Provincial Grants & Subsidies	639	639	639	0%	0%	16 717	16 717	14 241	-15%	-15%
Municipal Transport Authority	1 228	1 228	1 228	0%	0%	32	32	32	0%	0%
Dwaf	4 000	4 000	4 000	0%	0%	–	–	–	0%	0%
FiFa World Cup 2010	14 788	14 788	14 788	0%	0%	–	–	–	0%	0%
Durban Bay Estuary Management Plan	154	154	154	0%	0%	–	–	–	0%	0%
Government Health Subsidy	56 111	56 111	56 111	0%	0%	68 957	68 957	68 957	0%	0%
D.Moss	–	–		0%	0%	289	289	289	0%	0%
District Municipality:										
<i>[insert description]</i>										
Other grant providers:	93 151	93 151	94 689	2%	2%	53 797	53 797	52 236	-3%	-3%
Rockefeller Foundation	1 488	1 488	1 508	1%	1%	–	–	–	0%	0%
DBSA	250	250	250	0%	0%	40	40	40	0%	0%
Public Contribution	6 131	6 131	6 131	0%	0%	46 916	46 916	46 916	0%	0%
LTDF Grant	–	–	–	0%	0%	73	73	73	0%	0%
Mondi Paper	683	683	683	0%	0%		–		0%	0%
Cifal	418	418	418	0%	0%	1 690	1 690	1 690	0%	0%
Acca	15	15	15	0%	0%	12	12	12	0%	0%

Dirco	80 365	80 365	80 365	0%	0%	–	–	–	0%	0%
Developers Contribution	–	–	–	0%	0%	1 546	1 546	1 546	0%	0%
Royal Netherlands	962	962	962	0%	0%	271	271	271	0%	0%
Leeds	131	131	131	0%	0%	–	–	–	0%	0%
Reforestation	–	–	–	0%	0%	0	0	–	-100%	-100%
Disaster Fund	–	–	–	0%	0%	1 500	1 500	0	-100%	-100%
Biowaste	–	–	–	0%	0%	430	430	7	-98%	-98%
Danida	641	641	641	0%	0%	–	–	0	0%	0%
Sanedi Grant	454	454	454	0%	0%	–	–	0	0%	0%
Daliso	–	–	–	0%	0%	48	48	48	0%	0%
Carnegie	551	551	551	0%	0%	322	322	322	0%	0%
Unesco	–	–	–	0%	0%	193	193	193	0%	0%
Lotto	582	582	582	0%	0%	–	–	–	0%	0%
Natural Reserve Fund	116	116	116	0%	0%	187	187	187	0%	0%
Schools Project	274	274	274	0%	0%	–	–	–	0%	0%
Maritime Museum Trust Fund	–	–	–	0%	0%	400	400	400	0%	0%
Skills Grant LG Seta	9	9	9	0%	0%	153	153	153	0%	0%
EU	82	82	1 600	1851%	1851%	18	18	380	2011%	2011%
Total Operating Transfers and Grants	3 275 479		3 409 739	4.10%	0.00%	4 238 590		3 657 749	-14%	-44%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the original/adjustments budget.										

Grants Received From Sources Other Than Division of Revenue Act (DORA)					
Details of Donor	Actual Grant 2012/2013	2012/2013 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
Cifal	86		30-Jun-13		The Funding is for Council to provide training programmes to Local Authorizes in Local Governance, Local Economic Development, Housing & Settlement and Youth Development at Local Government
Royal Netherlands	8,752		30-Jun-13		Danish funded Urban Environment Management Grant utilized for the Infrastructure Water Resource Management in the Rural Area Based Management.
Developers Contribution	351		ongoing		Grant utilised to provide a joint solution to the infrastructure and Service delivery challenges posed by Land Developments
Reforestation	807		30-Jun-16		This is for the Municipal Reforestation Programme. Funding from DBSA on a three year allocation.
Metropolitan	165		30 June 2014		To run the initiative "Mentoring on Upgrading Informal Settlements", within the current Metropolis action Plan during from January 2012 to December 2014.

Disaster Fund	1,500	0	30-Jun-14	0	The Municipal Disaster Grant was received from the National Department of Co-operative Governance and Traditional Affairs for repairing and rehabilitation Zibandlela Road in Illovu B Section that was storm damaged.
Biowaste	430	0	31-Jul-15	31-Jul-2015	Biowaste was funded by Technologist Institute (Danish Technological Institute), a company from Denmark, for turning bio waste into sustainable products by development of appropriate conversion technologies applicable in developing countries
SKILLS GRANT LG SETA	243	nil	n/a	n/a	In-service training provided to students
MARITIME MUSEUM TRUST FUND	400	nil	30-Jun-13	n/a	Part payment towards emergency repairs to Maritime Museum ship.
UNESCO	192	0	30-06-2013	n/a	Paid by the United Nations Educational Scientific Organization for promoting international collaboration by the Municipality.

Grants received have been spent in accordance with the DORA requirements

5.4 Asset Management

Since 2004 the council has focused its efforts towards efficient Asset Management. Asset managers were appointed in strategic areas.

Detailed Asset registers have been updated in partnership with engineers. There has been a focus on accurate conditional assessments of assets & assessment of replacement costs. Asset registers have been linked to the GIS system & include photographic imagery.

A detailed Asset management Policy Guideline has been developed and implemented.

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2012/13	
Asset 1	
Name	ROADS
Description	Surfaced Roads
Asset Type	Fixed
Key Staff Involved	Roads Provision Department:- Pavement & Geotechnical Engineering Branch Road Rehabilitation Branch
Staff Responsibilities	Network level assessments of roads appearing on the asset register are conducted by the Pavement & Geotechnical Engineering Branch for implementation by the Roads Rehabilitation Branch.
Asset Value	
	R46.8 Billion
Capital Implications	Potential deterioration of road network below acceptable levels of service requiring continuous funding at recommended levels.

Future Purpose of Asset	Continued provision of a functional road network at an acceptable level of service.
Describe Key Issues	Funding
Policies in Place to Manager Asset	Asset Management Plan (Roads) Road Handover Policy

Asset 2				
Name	ABLUTION BLOCKS IN SITU UPGRADE			
Description	Ablution facilities			
Asset Type	Infrastructure asset			
Key Staff Involved	Operation and Maintenance staff			
Staff Responsibilities	Operation and Maintenance			
Asset Value	2012/13			
	R238m			
Capital Implications	Budget allocations to keep pace with rising rehabilitation costs on ablution facilities			
Future Purpose of Asset	Water and sanitation connections to be utilized for upgraded settlement. Then facility to be relocated to another settlement			
Describe Key Issues	High operational costs .Lack of resources and funding for O & M			
Policies in Place to Manager Asset	Education programme and Fault Reporting facility in place. Employment of caretakers and maintenance staff.			

Asset 3				
Name	KWA MASHUA WWTW			
Description	Waste Water Treatment Works			
Asset Type	Waste Water Treatment Works			
Key Staff Involved	Operational plus Design staff			
Staff Responsibilities	Operating plant to meet / better DWA effluent requirements			
Asset Value	total	2012/13		
	R675m	R79m		
Capital Implications	1.Capacity upgrades as development occurs in catchment (R8m per megalitre) 2.Technological upgrades as equipment becomes obsolete (R200m at 25 year intervals)			
Future Purpose of Asset	To provide safe treated effluent to DWA standards			
Describe Key Issues	Maintenance of plant plus trained operators to keep appropriately modern and sophisticated works operating			
Policies in Place to Manager Asset	Operational Procedures in place. Maintenance is scheduled and greater emphasis on planned maintenance. Plant is upgraded as a result of capacity /technology / legislation as cost effective needs			

REPAIRS AND MAINTENANCE EXPENDITURE 2012/13

R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
	2,489,703	2,519,318	1,768,000	-30%

The variance is due mainly to less maintenance undertaken in taxi ranks, invoices not received on time and correction of overcharges against ETA.

5.5 Performance indicators and benchmarks

Choose name from list - Supporting Table SA8 Performance indicators and benchmarks										
Description of financial indicator	Basis of calculation	2011/12	2012/13					2013/2014 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
<u>Borrowing Management</u>										
Borrowing to Asset Ratio	Total Long-Term Borrowing/Total Assets	23.4%	22.8%	21.8%	21.2%	20.4%	19.2%	17.7%	16.2%	
Credit Rating		AA	AA-	AA-	AA-	AA-				
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	6.3%	8.8%	8.7%	8.1%	8.0%	9.3%	8.2%	7.8%	
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	49.4%	62.5%	28.7%	30.4%	20.6%	43.8%	45.2%	41.9%	
<u>Safety of Capital</u>					0-Jan-00		0-Jan-00	0-Jan-00	0-Jan-00	

Debt to Equity	Loans, Creditors, Overdraft & Tax Provision/ Funds & Reserves	84.5%	69.0%	70%	70.9%	76.5%	62.8%	56.4%	50.6%	
Gearing	Long Term Borrowing/ Funds & Reserves	43.2%	37.8%	36.8%	36.2%	35.9%	31.2%	27.7%	24.4%	
<u>Liquidity</u>										
Current Ratio	Current assets/current liabilities	1.4	1.4	1.3	1.4	1.28	1.4	1.5	1.5	
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.4	1.4	1.3	1.4	1.28	1.4	1.5	1.5	
Liquidity Ratio	Monetary Assets/Current Liabilities	0.6	0.6	0.5	0.7	0.6	0.7	0.7	0.8	
<u>Revenue Management</u>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	100.4%	99.9%	96.8%	97.1%	103.8%	0.0%	96.7%	96.6%	
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	25.1%	24.8%	24.9%	26.0%	24.5%	24.7%	23.7%	23.1%	

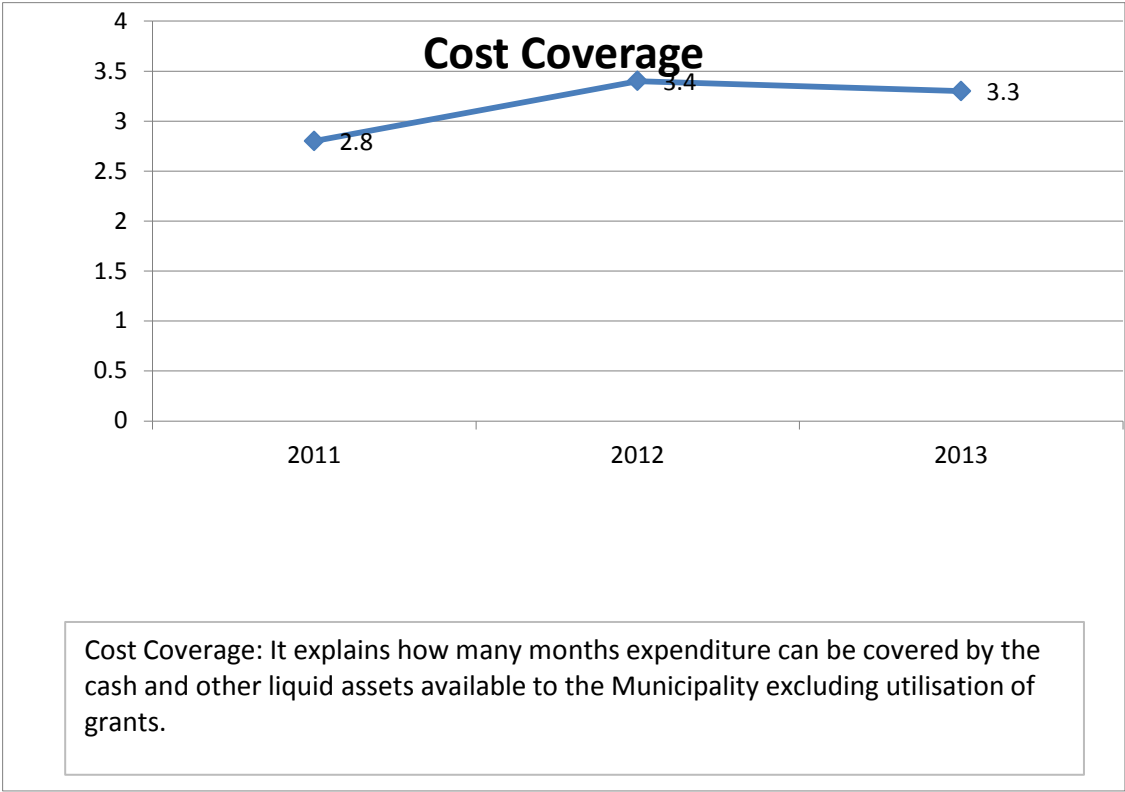
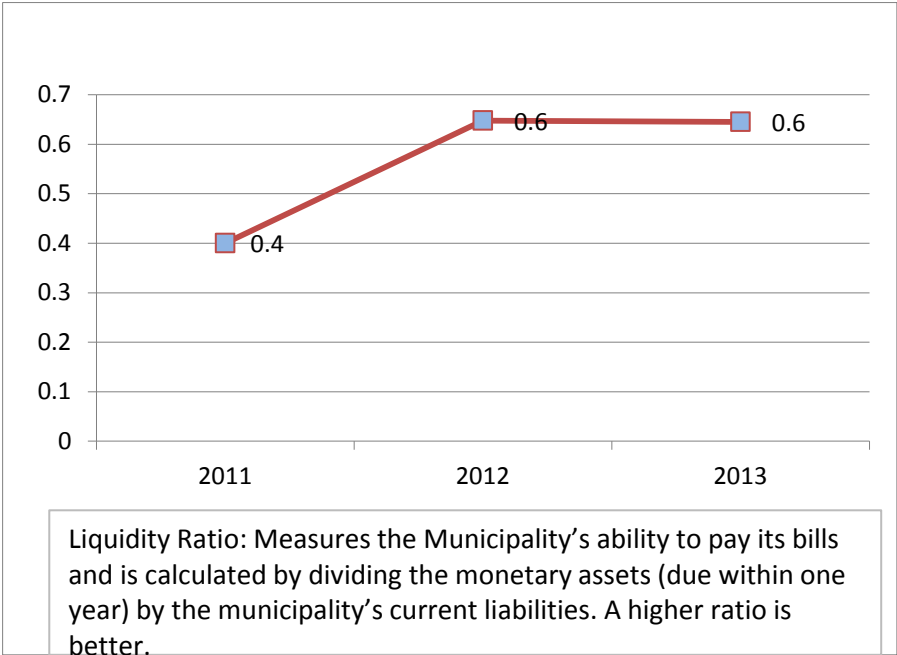
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old									
<u>Creditors Management</u>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within`MFMA' s 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
<u>Funding of Provisions</u>					1-Jan-00		1-Jan-00	1-Jan-00	1-Jan-00	
Provisions not funded - %	Unfunded Provns./Total Provisions	100.0%	100.0%	100.0%	100.0%	100.0%				
<u>Other Indicators</u>										
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	5.8%	5.0%	5.0%	5.0%	5.9%	5.0%	5.0%	5.0%	
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source	35.3%	33.0%	33.0%	33.0%	37.3%	33.0%	33.0%	33.0%	

Employee costs	Employee costs/(Total Revenue - capital revenue)	31.2%	25.8%	25.7%	25.0%	25.9%	26.5%	26.7%	26.4%	
Remuneration	Total remuneration/(Total Revenue - capital revenue)	31.6%	26.2%	26.10%	25.3%	26.3%	26.9%	27.2%	26.8%	
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	8.7%	10.5%	8.8%	11.2%	7.8%	11.3%	11.1%	10.8%	
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	11.3%	13.1%	12.9%	12.3%	10.8%	11.9%	11.4%	10.8%	
<u>IDP regulation financial viability indicators</u>	-									
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	14	18.50	18.50	18.5	12	14.3	14.2	15.3	
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	34.5%	30%	30%	31.5%	22%	30.0%	28.7%	27.8%	
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational	3.4	2.50	1.90	3.1	3.3	3.2	3.0	3.0	

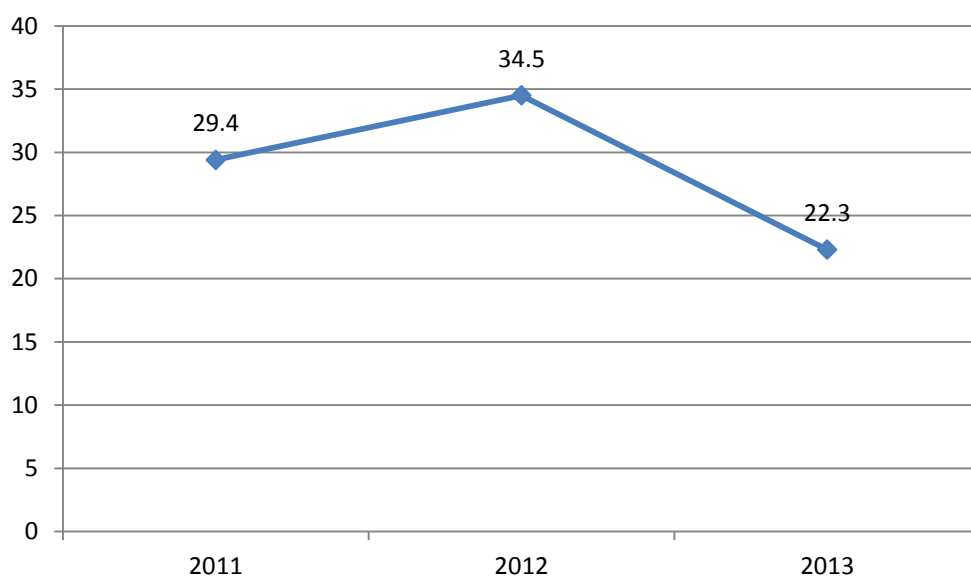
	expenditure									
<u>References</u>										
1. Consumer debtors > 12 months old are excluded from current assets										
2. Only include if services provided by the municipality										

5.6 FINANCIAL RATIO BASED ON KEY PERFORMANCE INDICATORS (based on SA08)

LIQUIDITY RATIO

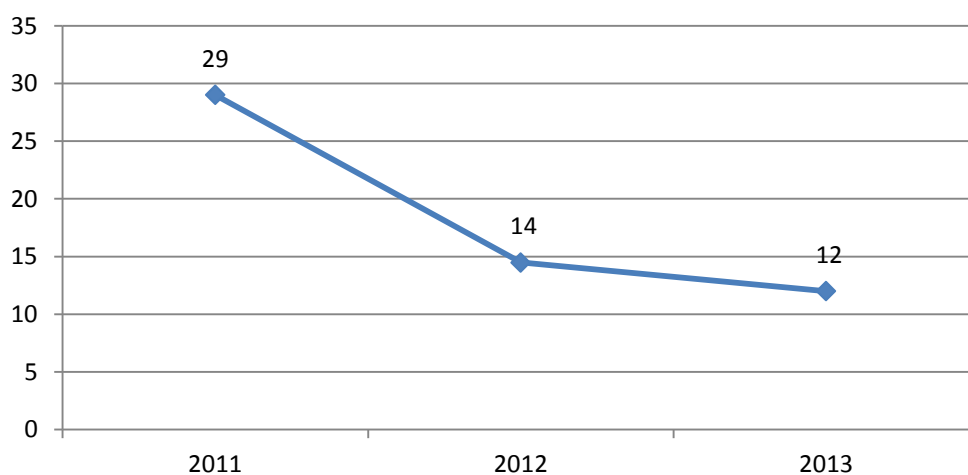


Total Outstanding Service Debtors



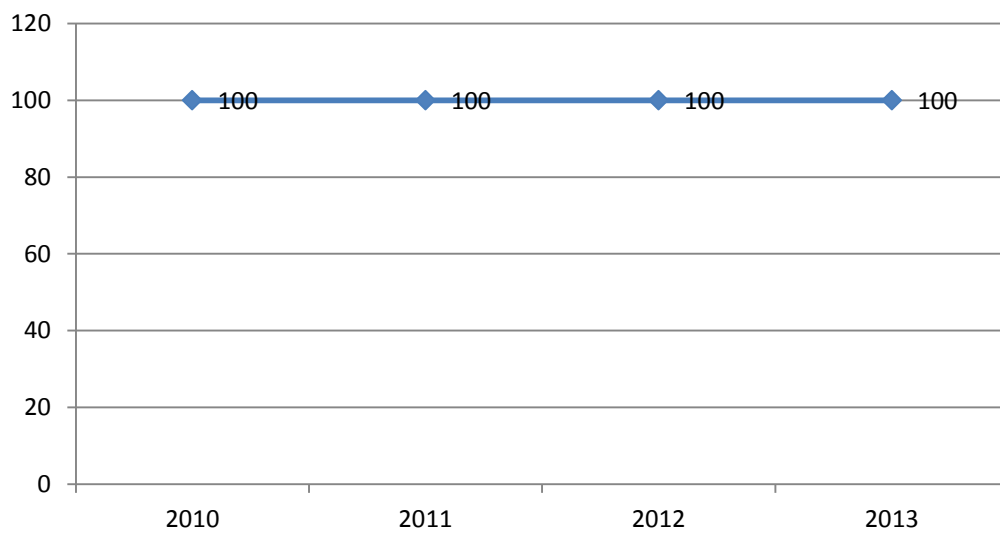
Total Outstanding Service Debtors: Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.

Debt Coverage



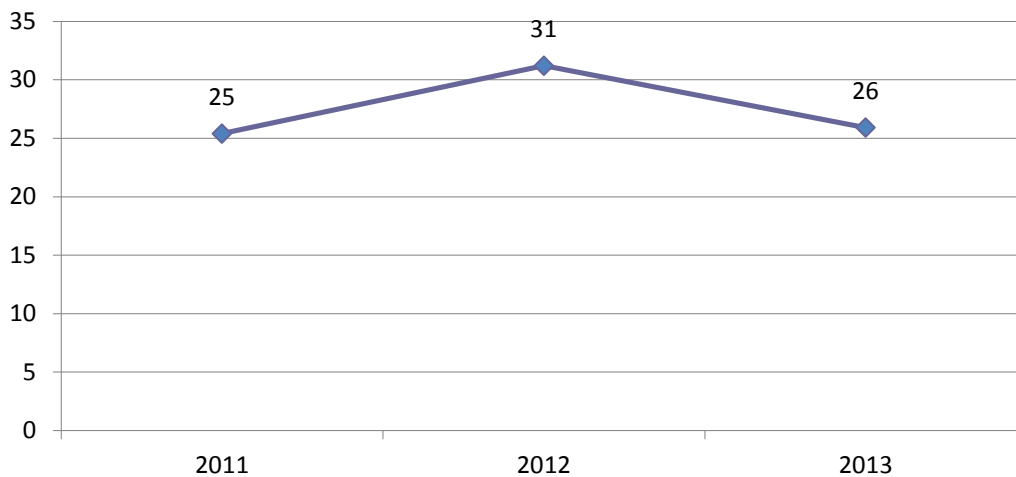
Debt Coverage: The number of times debt payments can be accommodated within operating revenue (excluding grants). This in turn represents the ease with which debt payments can be accommodated by the Municipality.

Creditors System Efficiency



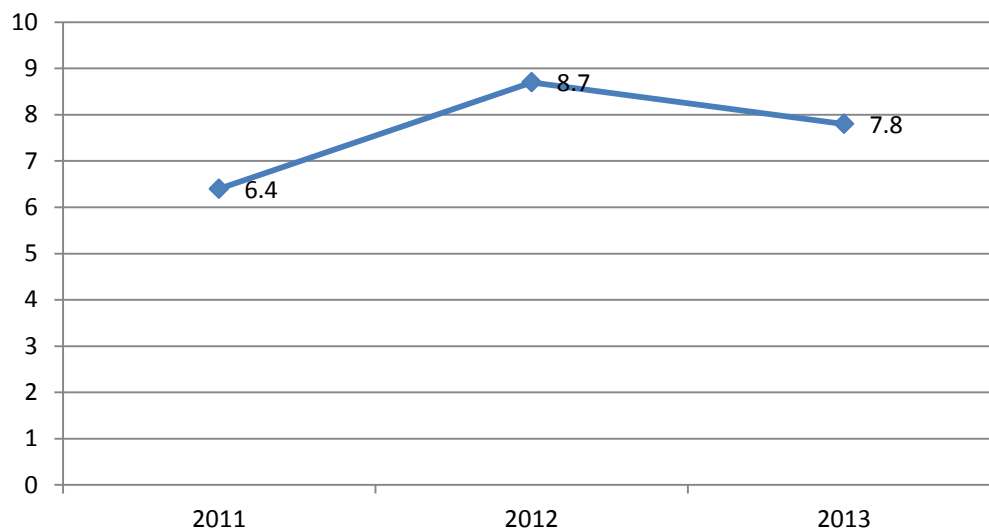
Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases
Data used from MBRR SA8 5.4.5

Employee Costs



Employee cost: Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Repairs and Maintenance



Repairs and Maintenance: This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance by the difference between total revenue and capital revenue.

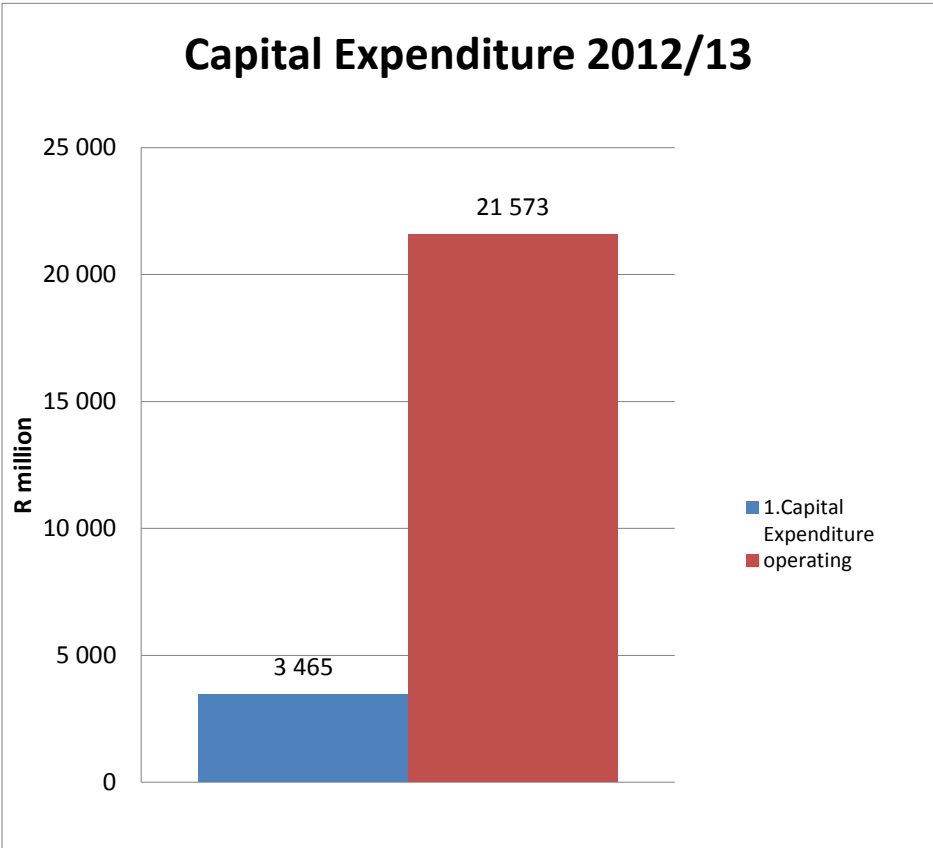
Comment on financial ratios

The analysis of the Municipality's financial statements over the past four years reveals the Municipality's drive to increase capital expenditure and maintain stable operating expenditure.

5.7 SPENDING AGAINST CAPITAL BUDGET

Introduction

Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and operating expenditures and surpluses.



The under-spending is mainly due to the following:

- Delays in the design and tender process for Housing *
- Delays in delivery of orders for mechanical and electrical equipment from overseas for Sanitation
- Delays relating to Electron Road transfer station project which has now been rolled over to 2013-14 financial year.
- Delays in tender processes, unrest at Griffiths Mxenge highway and adverse weather conditions impacting negatively on road rehabilitation projects for engineering.
- Delays due to acquisition of land for IRPTN projects for ETA
- Delays in the Western Aqueduct project

A major part of the under spending relates to grant funded projects and this is mainly the PTIS GRANT projects. These grants are being rolled over to 2013-14 financial year

5.8

SOURCES OF FINANCE

Capital Expenditure – Funding Sources 2011/12-2012/13

R' 000

Details		2011/2012	2012/2013				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to AB Variance (%)
Source of finance							
	External loans	2 000 000	1 500 000	750 000	0	-50.00%	0.00%
	Public contributions and donations		55000	55000	0	0.00%	100.00%
	Grants and subsidies	904 126	2 078 077	1 636 016	1 857 429	-21.27%	13.53%
	Other	881 214	899 186	1 859 018	1 650 229	106.74%	-11.23%
Total		3 785 340	4 532 263	4 300 034	3 507 658	-5%	-18%
Percentage of finance							
	External loans	52.8%	39.6%	17.4%	0.0%	-55.98%	-100.00%
	Public contributions and donations	0.0%	1.5%	1.3%	0.1%	-11.97%	-92.42%
	Grants and subsidies	23.9%	54.9%	38.0%	44.8%	-30.70%	17.66%
	Other	23.3%	23.8%	43.2%	55.1%	82.00%	27.53%
Capital expenditure							
	Water and sanitation	1 443 999	1 254 289	1 187 987	783 991	-5.29%	-34.01%
	Electricity	585 308	539 850	674 106	606 097	24.87%	-10.09%
	Housing	41 917	414 509	386 989	163 125	-6.64%	-57.85%
	Roads and storm water	992 380	874 508	858 393	806 406	-1.84%	-6.06%
	Other	721 736	1 449 107	1 192 559	1 103 157	-17.70%	-7.50%
Total		3 785 340	4 532 263	4 300 034	3 462 776	-5%	-19%

<i>Percentage of expenditure</i>							
	Water and sanitation	38.1%	27.7%	27.6%	22.6%	-0.17%	-18.05%
	Electricity	15.5%	11.9%	15.7%	17.5%	31.61%	11.65%
	Housing	1.1%	9.1%	9.0%	4.7%	-1.60%	-47.66%
	Roads and storm water	26.2%	19.3%	20.0%	23.3%	3.46%	16.66%
	Other	19.1%	32.0%	27.7%	31.9%	-13.26%	14.87%

5.9 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

Urban Settlement Development Grant (USDG)* Expenditure 2012/2013 on Service backlogs						
R' 000						
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Infrastructure - Road transport				%	%	
Roads, Pavements & Bridges	112 802	486 947	486 947	332%	0%	
Storm water						
Infrastructure - Electricity						
Generation						
Transmission & Reticulation	4 369	133 528	133 528	2956%	0%	
Street Lighting						
Infrastructure - Water						
Dams & Reservoirs	17 500	26 853	19 158	9%	-29%	
Water purification						
Reticulation	171 050	95 852	103 547	-39%	8%	
Infrastructure - Sanitation						
Reticulation	381 492	207 225	241 587	-37%	17%	
Sewerage purification	141 000	162 062	127 700	-9%	-21%	
Infrastructure - Other						
Waste Management	106 317	89 099	89 099	-16%	0%	

Transportation						
Gas						
Other Specify:						
Other units – Various	381 399	114 363	114 363	-70%	0%	
Total	1 315 929	1 315 929	1 315 929	0%	0%	
<p>* USDG is a government grant programme designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out in Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the original/adjustments budget.</p>						

5.10 CASH FLOW MANAGEMENT AND INVESTMENTS

Cash Flow Outcomes						
R'000						
Description	Current year 2011/2012			Current year 2012/2013		
	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Ratepayers and other	18 526 880	19 200 759	17 762 326	20 310 939	20 385 337	19 669 523
Government - operating	1 899 750	2 055 742	1 951 227	2 126 964	2 192 674	2 119 973
Government - capital	2 200 491	1 478 941	1 458 514	2 831 077	1 636 015	1 537 777
Interest	345 221	228 306	313 605	234 754	334 409	442 084
Dividends		-			-	
Payments						
Suppliers and employees	(17 159 166)	(17 693 127)	(15 949 090)	(19 113 567)	(19 308 459)	(17 911 776)
Finance charges	(1 194 934)	(1 130 234)	(866 281)	(1 239 138)	(859 625)	(931 766)
Transfers and Grants	(166 319)	(150 079)	(141 694)	(184 819)	(279 303)	(173 991)
NET CASH FROM/(USED) OPERATING ACTIVITIES	4 451 923	3 990 308	4 528 607	4 966 211	4 101 047	4 747 537
CASH FLOWS FROM INVESTING ACTIVITIES						

Receipts						
Proceeds on disposal of PPE	42 810	43 443	71 236	32 021	17 450	34 074
Decrease (Increase) in non-current debtors	(22 712)	(1 998)		5 718	(32 000)	
Decrease (increase) other non-current receivables	35 146	(40 432)	(12 179)	(49 172)	51 392	(28 995)
Decrease (increase) in non-current investments	(37 310)	(114 043)	–	–	(32 741)	–
Payments						
Capital assets	(5 082 596)	(3 873 377)	(3 462 696)	(5 285 263)	(4 269 734)	(3 466 128)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(5 064 662)	(3 986 407)	(3 403 639)	(5 296 696)	(4 265 633)	(3 456 762)
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Short-term loans					–	
Borrowing long term/refinancing	2 000 000	1 000 000	1 000 000	1 500 000	750 000	–
Increase (decrease) in consumer deposits	26 319	26 319		30 790	30 790	
Payments						
Repayment of borrowing	(624 110)	(624 110)	(431 450)	(825 309)	(825 309)	(792 218)
NET CASH FROM / (USED) FINANCING ACTIVITIES	1 402 209	402 209	568 550	705 481	(44 519)	(792 218)
NET INCREASE / (DECREASE) IN CASH HELD	789 470	406 110	1 693 518	374 995	(209 105)	(792 218)
Cash/cash equivalents at the year begin:	3 224 318	3 107 678	3 107 678	3 697 412	3 697 412	498 557
Cash/cash equivalents at the year end:	4 013 788	3 513 788	4 801 196	4 072 407	3 488 307	4 801 196
Source: MBRR SA7						T5.9.1

Cash and cash equivalents at year end has increased from the previous year. This is mainly attributable to higher revenue and unspent conditional grants that have been rolled over to 2013-14 financial year.

5.11 BORROWING AND INVESTMENTS

Introduction

Borrowings

No borrowings were undertaken in the current financial year.

Financial Institution	Loan Amount R m	Fixed Interest Rate %	Duration in Years

The Gearing Ratio (Total Debt: Total Income), a good indicator of the ratio of loans to revenue generated for the current and forecast for the next financial years is as follows:

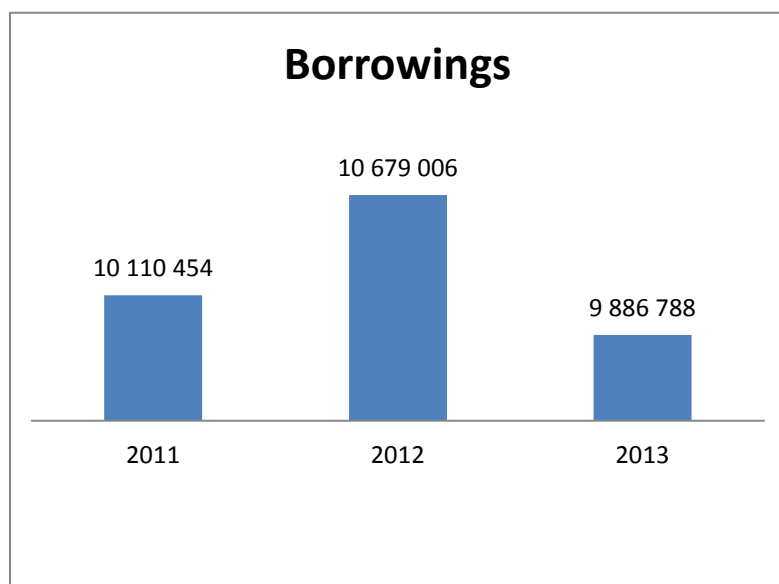
2012/2013 %	2013/2014 %	2014/2015 %
41%	37%	34%

INVESTMENTS

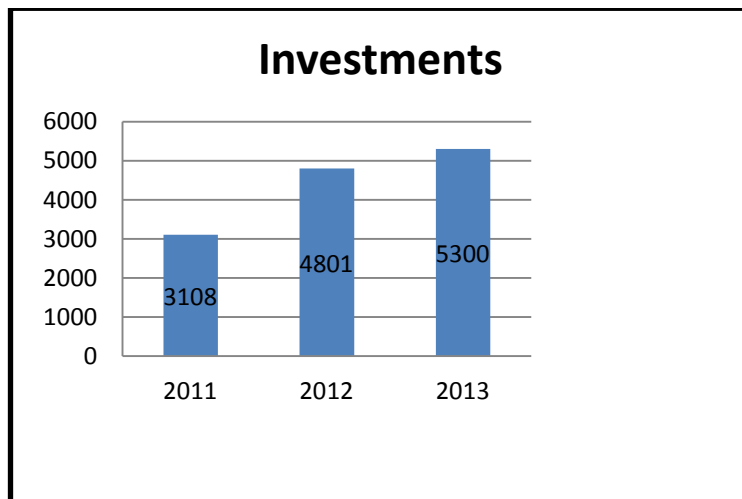
	30-Jun-12 %	30-Jun-13 %
Average rate of return on investments	5.78	5.52

BORROWINGS

Actual Borrowings 2010/11-2012/13			
R' 000			
Instrument	2010/2011	2011/2012	2012/2013
	R'000	R'000	R'000
Municipality			
Long-term loans (annuity / reducing balance)	10 110 254	10 678 806	9 886 588
Long-term loans (non-annuity)		0	0
Local registered stock	200	200	200
TOTAL	10 110 454	10 679 006	9 886 788



Municipal Investments			
R' 000			
Investment* type	2010/2011	2011/2012	2012/2013
	Actual	Actual	Actual
Municipality			
Deposits - Bank	3 107 678	4 801 196	5 299 753
Sinking Fund	0	0	0
TOTAL	3 107 678	4 801 196	5 299 753



COMMENT ON BORROWING AND INVESTMENTS

Borrowings

The rapid slowdown in economic activity, constrained by high public and private debt burdens, has culminated in fiscal austerity and quantitative easing measures in many developed economies. The municipality in order to fulfill its services delivery mandate will have to borrow R 750 million in the 2012/2013 financial year, with a duration of 15 years to fund its capital program. South Africa is not immune to European economic meltdown and accordingly its GDP forecast has also been revised downwards.

The global and South African economy has changed drastically to what it was four years ago. Previously the eThekweni Municipality could borrow long term loans for 15 years with the spread of 40 to 60 basis points over the swap curve. With the volatility in global markets, since the 2008 financial crisis, the spread for the same 15 years long term loan has increased to between 190 to 270 basis points. In these challenging economic times it will still be in the best interest of the municipality to take advantage of the "vanilla loans" from Financial Institutions.

Investments

Difficult Economic Times

The South African Reserve Bank is likely to follow the international trend and hold interest rates steady for a longer period as the South African economic recovery remains subdued. Risk averse investors are likely to continue moving into safe haven assets i.e. gold and out of equities and emerging markets which will negatively impact on the rand.

The South African economy is expected to grow at 2.5% in 2012 and inflation is expected to remain within the 3% - 6% target band over the medium term. In the prevailing turbulent financial markets it is likely that the Monetary Policy Committee will keep the repo rate steady until the 3rd quarter of 2013. Consequently, the interest earned by the eThekweni Municipality for the 2013 financial year will approximate a pedestrian R 200 M.

5.12 SUPPLY CHAIN MANAGEMENT

Substantial progress made on proactively dealing with the reduction in irregular expenditure through screening all companies prior to registration onto the database and audit control checklist for reports coming to BEC & BAC. Irregular expenditure decreased from R785m to R320m in the current financial year.

A Number of interventions including the following were implemented during the year in order to reduce the irregular expenditure: All tenderers were requested to submit signed declaration of interest forms. Payments vouchers were reviewed before processing for compliance with SCM. Conflict of interest task team was set up to review conflict of interest cases being identified and recommend corrective actions. MFMA circular on extension of contracts was communicated to all departments to ensure compliance. SCM policy was reviewed and also updated with latest MFMA circulars.

Policy amendments drafted and approved in keeping with the New Preferential Procurement Regulations which came into effect on 7 December 2011. Also commenced with a project to roll-out of B-BBEE throughout the Municipality.

Commenced with an ISO 9001 project within SCM, which will include templates required during the SCM and Contract Management process. Other improvement projects include the adoption of Category Management as a process, address book consolidation to form a single central supplier database, and an electronic quotes management system (QMS) to improve the handling of quotations across the Municipality.

Intergovernmental relationships - fostered good working relationships with SALGA and other Metropolitan Municipalities to improve the pace of SCM implementation through knowledge sharing, etc.

5.13 GRAP COMPLIANCE

GRAP COMPLIANCE

GRAP is the acronym for Generally Recognised Accounting Practice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

The Municipality is fully GRAP compliant. The current year accounting framework is consistent with the previous year.

The requirements as per the Accounting Standards Board will be the improved Standards of GRAP & IGRAPS. IGRAP is the acronym for Improved Generally Recognised Accounting Practice.

The purpose of improvements is to clarify matters in the existing standards and to ensure consistency between all GRAP standards. The Municipality has early adopted Standards of GRAP that have been approved but for which the Minister of Finance has not yet determined an effective date.

Chapter 6

6.1 Auditor General Report 2012/2013

6.2 Management Response 2012/2013

REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND THE COUNCIL ON ETHEKWINI MUNICIPALITY

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Introduction

1. I have audited the consolidated and separate financial statements of the eThekweni Municipality and its subsidiaries set out on pages 3 to 95 (Volume 2), which comprise the consolidated and separate statement of financial position as at 30 June 2013, the consolidated and separate statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the consolidated financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2012 (Act No. 5 of 2012) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of these consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the consolidated and separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the eThekweni Municipality and its subsidiaries as at 30 June 2013 and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Significant uncertainties

8. As disclosed in note 39 to the financial statements, ratepayers have in terms of the Municipal Property Rates Act of South Africa, 2004 (Act No. 6 of 2004) lodged objections of R217,11 million on the property valuations calculated by the municipality.
9. As disclosed in note 39 to the financial statements, the municipality had appealed the labour court judgement regarding the divisional arrangements about the conditions of service that were subject of dispute between the Unions and the municipality. The supreme court however dismissed the appeal subsequent to year end. The municipality is currently evaluating the financial impact of the court judgement.

Material losses and impairments

10. With reference to note 46 to the financial statements, the municipality had incurred material losses relating to water and electricity of R513 million (119 966 557 kl) and R396 million (667 412 169 kWh), respectively.
11. As disclosed in note 6 to the financial statements, the municipality had raised a provision for debt impairment of R1, 98 billion (2012: R1,93 billion) on consumer debtors as the recoverability of these amounts are doubtful.

Irregular expenditure

12. As disclosed in note 47 to the financial statements, irregular expenditure of R325,27 million (2012:R785 million) was incurred mainly as a result of contracts awarded to suppliers, which were in contravention of the Local Government: Municipal Supply Chain Management Regulations (MSCMR).

Material under spending of conditional grant and capital budget

13. As disclosed in note 28 to the financial statements, the municipality had materially underspent on conditional grants by R597,62 million. As a consequence, the municipality has not achieved its target for KPI.3.20 "Phase 1 of the Integrated Rapid Transport Network" as reflected on the annual performance report.
14. With reference to note 51 to the financial statements, the municipality had underspent on its capital budget by R836,44 million (19%). As a consequence, the municipality has not achieved certain objectives included in plan 3: "Creating a Quality Living Environment" as reflected on the annual performance report.

Additional matter

15. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary schedules

16. The supplementary information set out on pages 96 to 101 (Volume 2) does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

17. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

18. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 25 to 79 (Volume 1) of the annual report.
19. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information*.

The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

20. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Additional matter

21. Although no material findings concerning the usefulness and reliability of the performance information was identified in the annual performance report, I draw attention to the following matter below.

Achievement of planned targets

22. Of the total number of 107 targets planned for the year, 35 of the targets were not achieved during the year under review. This represents 32% of total planned targets that were not achieved during the year under review. Reasons for the non-achievement of these targets are included in the annual performance report set out on pages 25 to 79 (Volume 1).

Compliance with laws and regulations

23. I performed procedures to obtain evidence that the municipality has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material noncompliance with specific matters in key applicable laws and regulations as set out in the *general notice* issued in terms of the PAA are as follows:

Annual financial statements

24. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Control deficiencies resulted in material misstatements of contingent liabilities and capital commitments, identified by the auditors that were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

25. Awards were made to providers who are persons in the service of the municipality in contravention of section 112(j) of the MFMA and MSCMR 44.
26. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality did not to disclose such interest, as required by MSCMR 46(2)(e).

Expenditure management

27. Reasonable steps were not taken to prevent irregular expenditure as required by section 62(1)(d) of the MFMA.

Internal control

28. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on compliance with laws and regulations included in this report.

Financial management

29. The municipality has not implemented an effective monitoring control in the form of the management and review of conflict of interest forms for all employees and councillors of the municipality.

30. There were inadequate processes, policies and monitoring controls over financial transactions relating to commitments and contingent liabilities. This has resulted in material misstatements identified by audit that were subsequently corrected.

OTHER REPORTS

Investigations completed during the financial year

31. Fifty nine internal investigations relating to alleged procurement fraud, financial misconduct and noncompliance with MSCMR by council employees were finalised during the year.

Investigations in progress

32. One hundred and twenty five internal investigations relating to alleged procurement fraud, noncompliance with MSCMR and financial misconduct by council employees were still in progress at year end.

Auditor-General

Pietermaritzburg

13 December 2013



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

EMPHASIS OF MATTER

1. SIGNIFICANT UNCERTAINTY

1.1 PROPERTY VALUATION OBJECTIONS

Sections 50 and 54 of the Municipal Property Rates Act, Act 6 of 2004 as amended, provides the owner of any property the right to lodge an objection and appeal against the value of a property listed in the valuation roll of the municipality. History has indicated that there is a high possibility that values of property might be adjusted downwards which will have a negative impact on estimated revenues. The municipality considers it prudent to make a disclosure to this effect in its annual financial statements and the value of revenue that may be reduced based on the applications for objections and appeals received is quantified to be R217 million.

The actual outcome would only be certain once the appeals board has decided on the value of the properties. However, it should be noted that it is possible that the value of a property could be increased, which will result in an increase in the rate revenue levied by the municipality.

1.2 LABOUR COURT DISPUTE: CONDITIONS OF SERVICE

The decision of the Supreme Court of Appeals of 17 September 2013 to dismiss the appeal application of the Municipality means that the original decision of the Labour Court of 2007 now stands and the Collective Agreement on Divisional Conditions of Service (DCOS) are null and void and of no legal effect.

The key financial implications are that employees or the unions on behalf of their members, can now lodge claims in respect of any conditions of service that were more favourable prior to 01 April 2007. Conversely, the Municipality can also claim back monies from employees who have benefitted from any conditions of service that were less favourable prior to 01 April 2007. The administrative process of quantifying the extent of the claims for thousands of employees backdated for 6 years, has proven to be extremely complex and time consuming. It is anticipated that the exercise will be completed by 31 January 2014, at which stage the full financial implications will be known.

The core conditions of service that were more favourable to employees and which constitute the bulk of the cost for the Municipality, are long service allowances and long service leave, as well as an omnibus allowance that was payable to Metro Policemen who work shifts.

MATERIAL LOSSES AND IMPAIRMENTS

2.1 WATER LOSS

The Non-Revenue Water (NRW) Branch is responsible for monitoring the NRW situation at eThekweni Water and Sanitation (EWS) and reporting thereon, providing strategic direction for the Unit to reduce losses as well as implementing a number of programmes to reduce losses on a wide scale. The primary objective of the NRW reduction activities is to reduce the NRW levels from 37.3% by volume (688litres/connection/day total water losses) at present to a targeted and sustained value of 25% by volume (420 litres/connection/day total water losses) by June 2019.

Water losses of 119 966 557 kl (2011/2012: 112 121 754 kl) occurred during the year under review, which resulted in revenue losses to the municipality. The estimated water losses amounting to R513.0m (2011/2012: R411.0m) were due mainly to water theft and delays in the SCM processes. The non-revenue water volume increased from 35.3% in 2011/12 to 37.3% in 2012/13. The current South African NRW average is 36.8% whilst the African average is 38.0%.

In line with the NRW Business Plan, EWS is implementing a number of water loss interventions, the highlights of which for 2012/13 are as follows:

1. During the year 92 Pressure Reducing Valves were installed and more installations will be done in the 2013/14 year.
2. The Leak Detection and Repair Strategy with a total of 16 Category B plumbers in formal and informal areas has proved extremely successful and a total of 19140 leaks were repaired from the 5 211 km of reticulation that were surveyed for leaks.
3. Regularized and registered approximately 1924 connections in COINS from Metro-wide eThekweni Housing projects.
4. In terms of the programme for meter replacement for domestic consumers which are more than 20 years old a total of 3073 out of a target of 22 400 has been achieved. The annual meter supply contract, WS 6045 was delayed by 609 days by a High Court Action that was won with costs and this has contributed to this backlog of meters that must be changed. 392 ICI consumer meters older than 20 years were replaced.
5. The total number of registered connections increased by 3656 (0.8%) but the consumer sales decreased by 5.8ML/day. The decreasing/stagnant sales volume is highlighted as a major concern for the Unit. There are now a total of 477 849 registered connections in eThekweni.

The success of the NRW programme has been hampered in the 2012/13 financial year due to the non-availability of materials and resources. The appeal and subsequent delay in the award of a number of consulting appointments (totaling R 53,8m) have also had a negative impact on the programme results.

Once the NRW Programme gains traction again when the consulting and contracting contracts are in place, a significant increase in budget will be required as per the NRW 2012 Business Plan in order to achieve the stated target of 25% NRW by volume by June 2019.

2.2 ELECTRICITY LOSSES

Electricity losses of 667,412,169kWh (2012: 664,796,777 kWh) occurred during the year under review which resulted in revenue losses to the municipality. These estimated electricity losses amounted to R396m (2012: R364m).

The norm for electricity losses ranges from 5.6% to 12%. The loss incurred by the municipality is 5.85% (2012: 5.8%) and is due to a combination of transmission losses (*Technical energy losses*) and losses due to illegal connections (*Non-technical energy losses*).

In comparison to other Metro's, eThekweni Municipality maintains its losses at a lower end of the norm.

It should be noted that Transmission losses are inevitable, however, the following interventions have been implemented:

- a. **Optimal Network Configuration:**
The Planning and Design engineers ensure that all network additions are implemented with correct equipment ratings and configuration so as to minimize losses.
- b. **Effective Maintenance on Network:**
A comprehensive maintenance schedule to promote the reliability of the network as well as enhance the efficiency of the network has been adopted.
- c. **Efficient Network Loading:**
Power flow into the network is carefully monitored on a 24 hour basis and the correct, most efficient electrical loading configuration is adopted.

Illegal electricity connections are a major contributing factor to non-technical losses. The following interventions have been implemented to curb illegal connections:

- d. Area Sweeps:
The Revenue protection teams continuously investigate high theft area's to remove all illegal connections.
- e. Employment of security Intelligence Teams:
Private investigators are deployed to site to try and gather evidence to apprehend suspects.
- f. Installation of anti-theft technologies at substations:
The employment of this technology deters intruders from entering into substations and carrying out illegal connections.
- g. Theft Hotline:
A 24 hour hotline has been set up to report acts of theft and illegal connections - Once a suspicious activity is reported, security will be dispatched immediately to the affected site.

2.3 PROVISION FOR DOUBTFUL DEBTS

The basis of calculation of the doubtful debt provision is consistent with the previous.

The major portion of the provision is for residential properties in the Ingonyama Trust area and properties valued less than R250 000 that qualify for debt relief programme for water. The debt will be pursued until it is not feasible to recover and thereafter will be written off.

2. IRREGULAR EXPENDITURE

The municipality has implemented a number of controls in order to reduce irregular expenditure. These controls have resulted in a reduction of irregular expenditure from R 785 million (2011/12) to R325 million (2012/13). These controls include the following:

- a. Supply chain management (SCM) Checklist was developed and implemented. This checklist is use for screening all procurement above R200k for compliance with SCM policy and regulation.
- b. Quotation Management System was developed and implemented for sourcing and adjudication of quotations for stock and non stock items. This system eliminates human error as adjudication is done by the system and only suppliers on the municipality's supplier's database can quote.
- c. The municipality has compiled a central contract register which is used to monitor contracts within the municipality and this assist in monitoring of contracts in order to avoid non-compliance with section 116 of the MFMA.
- d. The Procurement Plans are also prepared for top150 capital Expenditure. This assist in ensuring that procurement for all big projects is monitored and is finalized early.
- e. Payments are checked by accounts payable and where there is non-compliance with the SCM, these are then dealt with in terms of regularization process.
- f. Departments are required monthly to scrutinize their expenditure and report any expenditure that is considered as irregular to Finance.
- g. Conflict of interest task team deal with all irregular expenditure matters as a result of conflict of interest. This committee takes decisions on how to deal with conflict of interest matters, i.e. suspending of entities on our Suppliers database and also submission of entities Blacklisting Committee for blacklisting.
- h. The SCM policy has been reviewed and revised to ensure that it is clear to all for implementation.
- i. SCM workshops dealing with SCM challenges and non-compliance issues have been held during the year.

3. MATERIAL UNDERSPENDING OF CONDITIONAL GRANT AND CAPITAL BUDGET

3.1.1 UNSPENT GRANTS

An amount of R598 million of the Department of Transport and Public Transport Infrastructure grant was unspent at the year ended 30 June 2013.

Reasons for the under expenditure

The under expenditure is attributable mainly to the delays in:

- Finalising the planning
- Finalising the Preliminary design of the infrastructure
- Commencing the detailed design
- Finalising the fleet specification
- Procurement of resources that will be involved in the implementation of the project.

The counter measures to accelerate spending include the following:

- The Unit has completed the planning and design phase and it has moved to the implementation phase of the PTIS
- Procurement processes have been streamlined.
- Contracts worth R1 365,36 million have been committed.

3.1.2 UNSPENT CAPITAL BUDGET

The following initiatives are being implemented to ensure that we improve the spending going for 2013-14 financial year:

- For 2013/14 Budget, Departments were requested to prepare and submit procurement Plans, to ensure that delays as a result of SCM challenges are minimized.
- These Procurement plans are being monitored weekly, by SCM and are reported to the City Manager. In addition, the Capital Expenditure is also being monitored weekly by the City Manager. Where challenges are noted during monitoring; proposed solutions are discussed in the meeting and implemented accordingly.
- During the year the Departments are requested to identify projects where there are savings in order to ensure other projects are identified early and submitted to council for approval through the adjustment budget process. Council also monitors the Capital spend through Finance and Procurement Committee and EXCO meetings.

The initiatives indicated above have started to yield results as year-to-date spend at the end of October 2013 has improved by 5.25%, ie. from 17.32% to 22.57% compared to expenditure as at October 2012.

The monitoring will continue to ensure the 100% spend on Capital budget.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

4. PREDETERMINED OBJECTIVES

The reasons for underachievement and the means to improve are indicated on the organisational performance scorecard report as reflected in this annual report. Stricter monitoring will take place with the introduction of monthly reporting and monthly presentations to the Stratman all committee. In addition the quarterly report will be presented to the DCM's meeting so that corrective action is monitored at the highest level of administration.

The systems and processes have been enhanced to detect non compliance by employees and institution of disciplinary action against defaulting employees. A conflict of interest working group meets regularly to consider cases of conflict and make recommendations to a newly constituted Blacklisting Committee that is responsible for blacklisting defaulting enterprises.

6. ANNUAL FINANCIAL STATEMENTS

A training workshop will be held with the municipality's panel of attorneys to ensure that the information required, for the financial statements disclosure purposes, regarding outstanding legal matters is provided accurately and completely in accordance with the requirements of the standards of Generally Recognised Accounting Practice.

In the 2014 financial year, the finance section will verify the capital commitment information before inclusion in the financial statements with the assistance of SCM.

7. PROCUREMENT AND CONTRACT MANAGEMENT

AWARDS TO ENTITIES WHOSE DIRECTORS/MEMBERS ARE IN THE SERVICE OF THE STATE

The following process is to be followed in dealing with these matters:

- The reasons as to why the above cases were not detected by the existing internal control system will be investigated and corrective action will thereafter be taken to improve processes.
- Furthermore, disciplinary action will be instituted against those employees that have transacted with the municipality and all affected contracts will be reviewed
- Progress made on all disciplinary matters and the investigation of contracts will be monitored by the Accounting Officer and Deputy City Managers (DCM's) on a quarterly basis with feedback to the audit committee and MPAC.
- The Accounting Officer will also implement processes to investigate those awards that were based on "false or incorrect" declarations that were received by the municipality.
- A register is to be retained in compliance with Regulation 45 and disclosed as a note to the annual financial statements.

It is to be further noted that the Conflict of Interest Task Team and the Blacklisting Committee have been implemented to deal with these matters. There has also been a notable improvement in the detection and prevention of these non-compliances over the past few years.

5. EXPENDITURE MANAGEMENT

5.1 REASONABLE STEPS TO PREVENT IRREGULAR EXPENDITURE

Refer to item 3 above regarding irregular expenditure

6. FINANCIAL MANAGEMENT

Processes, policies and monitoring over financial transactions do exist. These will however be enhanced in accordance with the recommendations by the Auditor-General.

APPENDICES

APPENDIX A

Ward and PR Councillors

No.	Surname	First Name	Telephone (Cell)	E-Mail Address	Ward No.	M/F	Party
1	Abraham	Michael	(c) 072 629 4384	AbrahamM@durban.gov.za	61	M	ANC
2	Adam	Mahomed Faruk	(c) 083 577 8648	AdamMF@durban.gov.za		M	PR-TA
3	Arunajallam	Chellappen	(c) 082 302 1925	ArunajallamC@durban.gov.za / chocks@telkomsa.net	60	M	ANC
4	Asbury	Shontel Veronica	(c) 072 761 8759	Asbury SV@durban.gov.za / shontel.asbury751@gmail.com		F	PR-DA
5	Bayeni	Mduduzi Enock	(c) 082 719 3999	BayeniME@durban.gov.za	99	M	ANC
6	Beetge	André	(c) 082 718 8137	BeetgeAndre@durban.gov.za / andreb@skytec.co.za	97	M	DA
7	Bhanprakash	Satishrai	(c) 082 771 1129	BhanprakashSatishrai@durban.gov.za / nessa.b@vodamail.co.za		M	PR-IFP
8	Bhengu	My-Pet Ntombifuthi	(c) 072 267 2228	BhenguMN@durban.gov.za		F	PR-ANC
9	Bhengu	Mhlabunzima Ronald	(c) 082 8375 948	BhenguMR@durban.gov.za		M	PR-IFP
10	Biyela	Hlengiwe Precious	(c) 079 953 3614	BiyelaHP@durban.gov.za		F	PR-DA
11	Brauteseth	Timothy James	(c) 083 766 4657	BarautesethTJ@durban.gov.za / ward18@ethekwini.org	18	M	DA
12	Burne	Warren Jerome de Marigny	(c) 083 326 6633	BurneWJDM@durban.gov.za / warrenburnecllr@gmail.com		M	PR-DA
13	Butelezi	Stanley Sakhephi	(c) 083 477 3896	ButeleziSS@durban.gov.za	16	M	ANC
14	Cassimjee	Ismail	(c) 076 737 8629	CassimjeeIsmail@durban.gov.za / ismailcassimjee@gmail.com / minorityfront@ymail.com	70	M	MF
15	Cele	Hendrick	(c) 074 790 9277	CeleHendrick@durban.gov.za	67	M	ANC
16	Cele	Hlengiwe	(c) 072 227 3417	CeleHlengiwe@durban.gov.za		F	PR-ANC
17	Cele	Joice Nondumiso	(c) 083 571 4877	CeleJN@durban.gov.za		F	PR-ANC

No.	Surname	First Name	Telephone (Cell)	E-Mail Address	Ward No.	M/F	Party
18	Cele	Mfanufikile Stanley	(c) 071 409 0122	CeleManufikileStanley@durban.gov.za		M	PR-ANC
19	Cele	Nana Tryphina	(c) 083 242 9674	CeleNT@durban.gov.za		F	PR-ANC
20	Chamane	Nompumelelo Beata	(c) 071 864 5454	ChamaneNB@durban.gov.za / mpumechamane1@mtn.blackberry.com		F	PR-ANC
21	Chapman	Warwick Bruce	(c) 083 779 7094	ChapmanW@durban.gov.za / warwick@thusa.net	33	M	DA
22	Chetty	Sharon	(c) 078 696 7289	ChettySharon@durban.gov.za / sharonchetty@mweb.co.za		F	PR-DA
23	Chili	Bonke Armstrong	(c) 082 339 4223	ChiliBA@durban.gov.za / chiliba@telkomsa.net	3	M	ANC
24	Coen	Avrille Marcia	(c) 083 775 4963	CoenAM@durban.gov.za / cira@telkomsa.net		F	PR-DA
25	Collins	Terence Peter	(c) 082 492 1422	CollinsTP@durban.gov.za / teecol@mweb.co.za		M	PR-DA
26	Cotoza	Ntombizile Gladys	(c) 083 543 9635	CotozaNG@durban.gov.za		F	PR - ANC
27	Crouch	Richard John	(c) 073 418 6996	CrouchRJ@durban.gov.za / councillor@ward10.co.za	10	M	DA
28	Davis	Peter	(c) 082 571 3323	DavisPeter@durban.gov.za / peterdee@webmail.co.za		M	PR-DA
29	De Boer	Heinz Ulrik	(c) 083 355 2343	DeBoerH@durban.gov.za / ward35@ethekwini.org	35	M	DA
30	Dladla	Muziwenyanga Amon Kumakwabo	(c) 076 704 3794	DladlaMAK@durban.gov.za	82	M	ANC
31	Dlamini	Alliam Nkosiphendule	(c) 082 299 6599	DlaminiAN@durban.gov.za	91	M	ANC
32	Dlamini	Bongani	(c) 083 999 8341	DlaminiB@durban.gov.za	46	M	ANC
33	Dlamini	Conrad Bongimusa	(c) 083 351 3474	DlaminiCB@durban.gov.za	26	M	ANC
34	Dlamini	Japhet Mlungisi	(c) 072 204 6778 (c) 073 383 7676	DlaminiJM@durban.gov.za		M	PR-ANC
35	Dlamini	Ntwenhle Rudden	(c) 073 919 6133	DlaminiNR@durban.gov.za	85	M	ANC
36	Dlamini	Sipho	(c) 083 241 7161	DlaminiSip@durban.gov.za / smisod@gmail.com	94	M	ANC

No.	Surname	First Name	Telephone (Cell)	E-Mail Address	Ward No.	M/F	Party
37	Dludla	Bongumusa Selby	(c) 073 642 0409	DludlaBS@durban.gov.za	102	M	ANC
38	Dube	Hloniphani Emmanuel	(c) 073 516 2554 / (c) 082 736 6683	DubeHE@durban.gov.za / hlonidube@ovi.com		M	PR-NFP
39	Du Bois	Duncan Leslie	(c) 083 291 4913	DuBoisDL@durban.gov.za / dubois@eastcoast.co.za	66	M	DA
40	Fortein	Barbara Agnes	(c) 084 938 0019	ForteinBA@durban.gov.za / skeef@telkomsa.net		F	PR-ANC
41	Gaillard	Denis Colin	(c) 083 551 2075	GaillardC@durban.gov.za		M	PR-ANC
42	Ganesh	Deochand	(c) 084 510 4682	GaneshD@durban.gov.za / deochandg@gmail.com	34	M	DA
43	Gebashe	Vusi Emmanuel	(c) 083 891 5801	GebasheVE@durban.gov.za	55	M	ANC
44	Goge	Hleziphi Doreen	(c) 083 498 1482	GogeHD@durban.gov.za		F	PR-ANC
45	Gokool	Riona	(c) 072 786 2655	GokoolR@durban.gov.za / rionagokool@gmail.com		F	PR-DA
46	Govender	Dheenadayalan	(c) 082 929 4498	ravi@naidoosflorist.co.za		M	PR-MF
47	Govender	Ganas	(c) 073 572 2896	ganas.govender8@gmail.com		M	PR-MF
48	Govender	Sarojini	(c) 083 502 1009	GovenderSarojini@durban.gov.za		F	PR-ANC
49	Graham	Nicole Lee	(c) 083 616 1936	GrahamNL@durban.gov.za / nicoleleegraham@gmail.com		F	PR-DA
50	Gumbi	Hlanganani Siphelele	(c) 076 288 8844	GumbiHS@durban.gov.za / siphelelegumbi@gmail.com		M	PR-DA
51	Gumede	Bongani Thulani	(c) 082 629 4981	GumedeBT@durban.gov.za / bonganig@ikusasaletu.org	21	M	ANC
52	Gumede	Mduduzi Phineas	(c) 083 957 5514	GumedeMP@durban.gov.za	13	M	ANC
53	Gumede	Ntombifuthi Clerice	(c) 083 669 8733	GumedeNC@durban.gov.za		F	PR-IFP
54	Gumede	Sibusiso Nigel	(c) 083 274 6961	GumedeSN@durban.gov.za		M	PR-ANC

No.	Surname	First Name	Telephone (Cell)	E-Mail Address	Ward No.	M/F	Party
55	Gumede	Thokozile Joyce	(c) 073 5838 585	GumedeTJ@durban.gov.za		F	PR-IFP
56	Gumede	Vela Cecil	(c) 082 810 7355 / (c) 072 297 2823	GumedeVC@durban.gov.za		M	PR-ANC
57	Gumede	Zandile Ruth Thelma	(c) 083 689 9394	GumedeZRT@durban.gov.za	53	F	ANC
58	Gwala	Bhungu Mgezeni	(c) 083 392 5467	GwalaBM@durban.gov.za		M	PR-NFP
59	Hansraj	Shane	(c) 083 423 8102	HansrajShane@durban.gov.za / hansrajr@absa.co.za		M	PR-MF
60	Hlengwa	Primrose Phumzile	(c) 083 5947 293	HlengwaPP@durban.gov.za		F	PR-ANC
61	Hlongwa	Bhekisisa Andreas	(c) 083 546 8565	HlongwaBA@durban.gov.za	15	M	ANC
62	Hoorzuk	Diana Gloria	(c) 083 784 4208	HoorzukDG@durban.gov.za / dianah1@mweb.co.za		F	PR-ANC
63	Iyir	Noorharpersadh Birtharthee	(c) 083 777 5248	IyirNB@durban.gov.za / IyirP@websa.net		M	PR-IFP
64	Jayanathan	Soobramoney	(c) 083 555 0886	JayanathanS@durban.gov.za / lowernorth@kzn.da.org.za		M	PR-DA
65	Johnson	Managi	(c) 082 339 2789	JohnsonM@durban.gov.za / action.da@mweb.co.za / Jmaggie@telkomsa.net		F	PR-DA
66	Kalicharan	Soonilall	(c) 083 683 3321	KalicharanS@durban.gov.za	90	M	MF
67	Kaunda	Sipho Alam	(c) 073 353 0901	KaundaSA@durban.gov.za		M	PR-ANC
68	Khuzwayo	Lihle Berrington	(c) 072 306 0602	KhuzwayoLB@durban.gov.za	89	M	ANC
69	Khuzwayo	Sduduzo	(c) 076 531 1199	Sduduzo.Khuzwayo@durban.gov.za	56	M	ANC
70	Kikine	Samuel Kikine Bhokuyise	(c) 071 608 4127	KikineSKB@durban.gov.za		M	PR-ANC
71	Kunju	Vincent Thulani	(c) 072 668 1684	KunjuVT@durban.gov.za	57	M	ANC
72	Langa	Christopher Bonginkosi	(c) 072 102 5696	LangaCB@durban.gov.za		M	PR-DA
73	Langa	Nomthandazo Patricia	(c) 083 249 5489	LangaNP@durban.gov.za		F	PR-ANC

No.	Surname	First Name	Telephone (Cell)	E-Mail Address	Ward No.	M/F	Party
74	Lefevre	Rivaltz Jethro	(c) 082 770 4836	LefevreRJ@durban.gov.za / ward31@ethekwini.org	31	M	DA
75	Lindsay	Jean Dagmar	(c) 082 550 4427	LindsayJD@durban.gov.za / lindsayjd@mweb.co.za		F	PR-DA
76	Lubhede	Siphiwe Hendrick	(c) 082 348 2188 / (c) 074 104 8974	LubhedeSH@durban.gov.za / lubhedesh@webmail.co.za	37	M	ANC
77	Luthuli	Pearl	(c) 082 719 3056	LuthuliP@durban.gov.za		F	PR-ANC
78	Lutyeku	Velile	(c) 083 390 2345	LutyekuV@durban.gov.za		M	PR-ANC
79	Mabaso	Nompumelelo Theodorah	(c) 083 764 5079	MabasoNT@durban.gov.za	62	F	ANC
80	Mabizela	David Dumsani	(c) 082 293 8794	MabizelaDD@durban.gov.za	43	M	ANC
81	Macpherson	Dean William	(c) 083 7760 202	MacphersonD@durban.gov.za / ward36@ethekwini.org / dean@eduform.co.za	36	M	DA
82	Madlala	Zimisele	(c) 073 616 0788	MadlalaZimisele@durban.gov.za	54	M	ANC
83	Magubane	Thami	(c) 078 930 3137	MagubaneThami@durban.gov.za	98	M	ANC
84	Magwaza	Makhosazana Queeneth	(c) 072 398 7742	MagwazaMQ@durban.gov.za		F	PR-ANC
85	Makhanya-Sibiya	Nokuthula Judith	(c) 083 538 0199	MakhanyaSibiyaNJ@durban.gov.za		F	PR-ANC
86	Mapena	William Lekgoa	(c) 083 328 4958	MapenaWL@durban.gov.za / phoeby@webmail.co.za		M	PR-ANC
87	Maphumulo	Hubane Godfrey	(c) 083 959 4509	MaphumuloHG@durban.gov.za	96	M	ANC
88	Mbongwa	Jabulisile Loraine	(c) 071 817 9560	MbongwaJL@durban.gov.za	24	F	ANC
89	Mchunu	Sithembiso Maria-Goret	(c) 083 757 5789	MchunuSGM@durban.gov.za	9	F	ANC
90	Mcoyi	Simingayesonke Wiseman	(c) 083 356 1023	McoyiSW@durban.gov.za / smcoyi@yahoo.com		M	PR-NFP
91	Mdlalose	Lucky Pomu	(c) 082 256 5398	MdlaloseLP@durban.gov.za / lifikile@webmail.co.za	41	M	ANC

No.	Surname	First Name	Telephone (Cell)	E-Mail Address	Ward No.	M/F	Party
92	Meyer	Lukas Marthinus	(c) 078 729 8768	MeyerLM@durban.gov.za / meyermartinsa@gmail.com	27	M	DA
93	Mfeka	Patrick	(c) 083 741 5374	MfekaP@durban.gov.za	14	M	ANC
94	Mhlanzi	Dennis Mzwandile	(c) 076 413 9333	MhlanziDM@durban.gov.za		M	PR-ANC
95	Mhlongo-Ntaka	Lindiwe Muriel	(c) 082 6808 457	MhlongoNtakaLM@durban.gov.za		F	PR-ANC
96	Mitchell	André Ross	(c) 084 464 1650	MitchellA@durban.gov.za / amitchell@absamail.co.za	63	M	DA
97	Mkhize	Bongumusa Anthony	(c) 078 121 5642 / (c) 072 438 7335	MkhizeBA@durban.gov.za / musa.mkhize@yahoo.com	1	M	ANC
98	Mkhize	Maxwell Mvikelwa	(c) 076 143 2814	MkhizeMM@durban.gov.za	2	M	ANC
99	Mkhize	Mbuyiseni Percival	(c) 078 225 7645	MkhizeMP@durban.gov.za	100	M	ANC
100	Mkhize	Nomzamo Irene	(c) 083 749 5118	MkhizeNI@durban.gov.za	88	F	ANC
101	Mkhize	Sibongiseni	(c) 072 700 8421	MkhizeSibongiseni@durban.gov.za	22	M	ANC
102	Mncwabe	Divas Fakisono	(c) 072 127 4841	MncwabeDF@durban.gov.za		M	PR-NFP
103	Mncwango	Zwakele Maxwell	(c) 082 862 0360	MncwangoZM@durban.gov.za / zwakelem@gmail.com		M	PR-DA
104	Mngadi	Bhekisisa Richard	(c) 083 506 1105	MngadiBR@durban.gov.za	29	M	ANC
105	Mngadi	Molly	(c) 083 4220 059	MngadiM@durban.gov.za / mngadi@absamail.co.za		F	PR-IFP
106	Mngwengwe	Lucky Nhlanhla	(c) 084 6222 353 / (c) 071 0476 374	MngwengweLN@durban.gov.za	6	M	ANC
107	Mnyandu	Mathombi Claudia	(c) 082 592 7390	MnyanduMC@durban.gov.za / Mathombic@gmail.com	77	F	ANC
108	Moodley	Shunmugam Ramsamy	(c) 084 557 8777	MoodleyShunmugamR@durban.gov.za / action@mweb.co.za	48	M	DA
109	Morar	Shamini	(c) 083 679 4503	MorarS@durban.gov.za / nnp@saol.com		F	PR-ANC
110	Moyo	Fanie Themba	(c) 076 483 9984	MoyoFT@durban.gov.za	7	M	ANC

No.	Surname	First Name	Telephone (Cell)	E-Mail Address	Ward No.	M/F	Party
111	Mpungose	Bongani Emmanuel	(c) 072 424 0388	MpungoseBE@durban.gov.za / bmpungose1@gmail.com	92	M	IND
112	Msani	Njabulo Eugene	(c) 072 705 3783 / (c) 074 361 2601	MsaniNE@durban.gov.za	44	M	ANC
113	Mthembu	Angel Genqe	(c) 072 431 3070 / (c) 071 895 9860	MthembuAG@durban.gov.za		F	PR-NFP
114	Mthembu	Babayi Absalom	(c) 083 732 9625	MthembuBA@durban.gov.za	98/99	M	PR-DA
115	Mthembu	Melta Khanyisile	(c) 073 179 2625	MthembuMK@durban.gov.za		F	PR-ANC
116	Mthembu	Nomusa Euna	(c) 084 624 3785	MthembuNE@durban.gov.za	81	F	ANC
117	Mthembu	Octavia Nolubabalo	(c) 083 368 6543	MthembuON@durban.gov.za	74	F	ANC
118	Mthethwa	Thabani Mbongiseni	(c) 076 721 3708	MthethwaTM@durban.gov.za		M	PR-NFP
119	Mthethwa	Zanele Priscilla	(c) 072 027 8474 / (c) 074 076 3705	MthethwaZP@durban.gov.za		F	PR-NFP
120	Mtshali	Bongiwe Rose	(c) 072 488 0585	MtshaliBR@durban.gov.za		F	PR-NFP
121	Mtshali	Themba Solomon	(c) 073 267 3245	MtshaliTS@durban.gov.za / themba.mtshali2@gmail.com	23	M	ANC
122	Mulqueeny	Judaline Iris Mary	(c) 076 875 8112	MulqueenyJ@durban.gov.za / judaline.mulqueeny@gmail.com		F	PR-ANC
123	Mvubu	Andreas Bhekumuzi	(c) 072 773 7092 / (c) 073 541 3246	MvubuAB@durban.gov.za	19	M	ANC
124	Mzobe	Robert Mshiyeni	(c) 072 529 5479	MzobeRM@durban.gov.za	76	M	ANC
125	Naidoo	Jane	(c) 078 154 9193	NaidooJane@durban.gov.za / j.c.windows@telkomsa.net		F	PR-IFP
126	Naidoo	Jonathan	(c) 072 450 3960	NaidooJonathan@durban.gov.za / jonathann@telkomsa.net		M	PR-ACDP
127	Naidoo	Loganathan	(c) 083 272 4658	NaidooLogie@durban.gov.za		M	PR-ANC

No.	Surname	First Name	Telephone (Cell)	E-Mail Address	Ward No.	M/F	Party
128	Naidoo	Pragalathan	(c) 082 889 0024	NaidooPragalathan@durban.gov.za / rockett@mjvn.co.za		M	PR-DA
129	Naidoo	Sadaishum	(c) 082 650 4462	NaidooSadaishum@durban.gov.za / steven@intekom.co.za		M	PR-COPE
130	Naidoo	Selverani Rungiah	(c) 073 773 9330	NaidooSR@durban.gov.za		F	PR-DA
131	Ncane	Themba Jacob	(c) 072 322 1170	NcaneTJ@durban.gov.za	28	M	ANC
132	Ndlela	Ntombi Beatrice	(c) 073 675 4836	NdlelaNB@durban.gov.za		F	PR-ANC
133	Ndlovu	Lydia Nondumiso	(c) 071 951 2226	NdlovuLN@durban.gov.za	59	F	ANC
134	Ndlovu	Sandile	(c) 072 395 0333 / (c) 078 473 6385	NdlovuSandile@durban.gov.za / sndlnlovu@yahoo.com	75	M	ANC
135	Ndzimbomvu	Mxolisi Kenneth	(c) 082 844 6079	NdzimbomvuMK@durban.gov.za	58	M	ANC
136	Ndzoyiya	Zanele Sharon	(c) 083 928 7229	NdzoyiyaZS@durban.gov.za	30	F	ANC
137	Ngcobo	Vincent Siph	(c) 079 974 7670	NgcoboVS@durban.gov.za	93	M	ANC
138	Ngcobo	Gregory Sikhumbuzo	(c) 079 633 9077	NgcoboGS@durban.gov.za / sikhumbuzo.ngcobo@kzndoe.gov.za	45	M	ANC
139	Ngcobo	Mduduzi Christian	(c) 073 192 7790	NgcoboMC@durban.gov.za / ngcobomduduzi@gmail.com	12	M	ANC
140	Ngcobo	Obed Bhekisani	(c) 083 503 1871 / (c) 084 252 9576	NgcoboOB@durban.gov.za	25	M	ANC
141	Ngcobo	Sindiswa Pretty-Girl	(c) 072 570 5819	NgcoboSPG@durban.gov.za		F	PR-ANC
142	Ngema	Dumisani Lucky	(c) 083 726 7888	NgemaDL@durban.gov.za	40	M	ANC
143	Ngema	Sithembiso	(c) 072 402 1244	NgemaSithembiso@durban.gov.za / masawuzanetrading@yahoo.com		M	PR-DA
144	Ngiba	Bonginkosi Siphiwe	(c) 083 434 7352 / (c) 072 234 6555	NgibaBS@durban.gov.za / sonyathi@gmail.com		M	PR-APC
145	Ngiba	Mkhipheni Mzimuni	(c) 083 3391 368	NgibaM@durban.gov.za	101	M	ANC

No.	Surname	First Name	Telephone (Cell)	E-Mail Address	Ward No.	M/F	Party
146	Ngwane	Bhekisisa Alexius	(c) 083 722 1716	NgwaneBA@durban.gov.za	42	M	ANC
147	Ngwazi	Lindela Artwell	(c) 078 180 5986 / (c) 078 046 5253	NgwaziL@durban.gov.za		M	PR-ANC
148	Nhlapho	Sibongile Jeanetty Marcia	(c) 072 188 5778	NhlaphoSJ@durban.gov.za / sbon70@webmail.co.za		F	PR-ANC
149	Nkosi	Mduduzi Samuel	(c) 076 1331 382	NkosiMS@durban.gov.za		M	PR-IFP
150	Nofeketa	Nkululeko Cromwell	(c) 082 817 2478	NofeketaNC@durban.gov.za		M	PR-DA
151	Nojiyeza	Mthokozisi	(c) 072 811 8500	NojiyezaM@durban.gov.za	80	M	ANC
152	Noyce	Gillian Margaret	(c) 082 800 0943	NoyceG@durban.gov.za / gnoyce@zmail.co.za		F	PR-DA
153	Ntshangase	Bridget	(c) 073 132 1278	NtshangaseB@durban.gov.za		F	PR-ANC
154	Ntshangase	Mary-Jane Mama	(c) 084 415 4089	NtshangaseMJ@durban.gov.za		F	PR-ANC
155	Ntuli	Mbali	(c) 072 118 8556	NtuliMbali@durban.gov.za / mbali.ntuliii@gmail.com		F	PR-DA
156	Nxumalo	James Sikhosiphi	(c) 073 490 9804	NxumaloJ@durban.gov.za		M	PR-ANC
157	Nyanisa	Nelisiwe Nestar	(c) 083 463 3044	NyanisaNN@durban.gov.za		F	PR-ANC
158	Nyawose	Mishack Sithenjwa	(c) 082 767 9868	NyawoseMS@durban.gov.za	79	M	ANC
159	Nzama	Ziphathele Vincent	(c) 074 519 6920	NzamaZV@durban.gov.za	86	M	ANC
160	Nzuza	Theresa Thembi	(c) 083 682 6702	NzuzaTT@durban.gov.za / nzuza.thembi@yahoo.com		F	PR-ANC
161	Padayachee	Pragasan	(c) 082 407 2797	PadayacheeP@durban.gov.za		M	PR-MF
162	Peer	Fawzia	(c) 082 570 6939	PeerF@durban.gov.za / fawziap@global.co.za		F	PR-ANC
163	Phewa	Richard Zibani	(c) 082 934 5622	PhewaRZ@durban.gov.za	103	M	ANC
164	Phungula	Bhekithemba Paulus	(c) 076 535 7190	PhungulaBP@durban.gov.za	84	M	ANC

No.	Surname	First Name	Telephone (Cell)	E-Mail Address	Ward No.	M/F	Party
165	Pienaar	Jacob Johannes	(c) 082 824 8523	PienaarJJ@durban.gov.za / Councillor@31east.co.za		M	PR-ANC
166	Pillay	Devaraj Rama	(c) 078 174 8914 / (c) 084 796 5590	PillayDR@durban.gov.za	73	M	MF
167	Pillay	Kannagamba Rani	(c) 083 976 3089	PillayKR@durban.gov.za / krpillay@gmail.com		F	PR-DA
168	Pillay	Kavilan Brandon	(c) 072 203 7746	PillayKB@durban.gov.za	69	M	ANC
169	Pillay	Krishna	(c) 083 608 3253	PillayKrishna@durban.gov.za / dachatswork@gmail.com		M	PR-DA
170	Pillay	Patrick	(c) 083 797 9824	PillayPatrick@durban.gov.za / patrickpp@mweb.co.za	51	M	MF
171	Prinsloo	Billie Dorothea	(c) 082 923 0842	PrinslooBD@durban.gov.za / billie@saol.com	64	F	DA
172	Pullan	Geoffrey Douglas Ayrton	(c) 083 695 9190	PullanGDA@durban.gov.za / geoffpullan@iafrica.com		M	PR-DA
173	Qulo	Valelisa Obed Obadiah	(c) 078 127 6114	QuloVOO@durban.gov.za / obed.qulo@gmail.com	11	M	ANC
174	Shabalala	Abegail Nomthandazo	(c) 073 188 7759	ShabalalaAN@durban.gov.za	87	F	ANC
175	Shabalala	Nomvuzo Francisca	(c) 082 3987 632	ShabalalaNF@durban.gov.za		F	PR-ANC
176	Shaik Emam	Ahmed Munzoor	(c) 076 144 4326	ShaikAM@durban.gov.za / MunzoorEmam@yahoo.com		M	PR-NFP
177	Shange	Senzangakhona	(c) 082 791 1058	ShangeSenzangakhona@durban.gov.za	95	M	ANC
178	Shelembe	Micheal Themba	(c) 073 195 3655	ShelembeMT@durban.gov.za / tsshelembe@webmail.co.za	8	M	ANC
179	Shembe	Patience Nomvula	(c) 073 782 7358	ShembePN@durban.gov.za	17	F	ANC
180	Shezi	Mthembeni	(c) 072 203 3136	SheziM@durban.gov.za	72	M	ANC
181	Shozi	Dennis Mzwamasoka	(c) 072 7334 500	ShoziDM@durban.gov.za	4	M	ANC
182	Sibiya	Mbuyiselwa Ephraim	(c) 082 724 9510 / (c) 084 498 5620	SibiyaME@durban.gov.za / tallmansibiya@gmail.com	38	M	ANC

No.	Surname	First Name	Telephone (Cell)	E-Mail Address	Ward No.	M/F	Party
183	Sibiya	Ntombizodwa Princess	(c) 072 219 8274	SibiyaNP@durban.gov.za		F	PR-ANC
184	Sibiya	Professor Mbasobheni	(c) 083 658 4976 / (c) 082 760 0471	SibiyaPM@durban.gov.za	47	M	ANC
185	Sibiya	Zanele Happiness	(c) 083 476 9881 / (c) 074 996 1163	SibiyaZH@durban.gov.za / nattuh@webmail.com		F	PR-DA
186	Singh	Bradley	(c) 072 372 5326	SinghBradley@durban.gov.za / Zenetta.sanchez@gmail.com	52	M	MF
187	Singh	Davanand	(c) 084 9000 196	SinghD@durban.gov.za	50	M	MF
188	Singh	Eurika Lyndal	(c) 072 324 6106	SinghEL@durban.gov.za		F	PR-MF
189	Singh	Jayraj	(c) 083 560 2906	SinghJayraj@durban.gov.za / singhjayrajparis@gmail.com	71	M	DA
190	Sishange	Patience Samukelisiwe	(c) 082 685 0934	SishangePS@durban.gov.za / lwazinfh@hotmail.com		F	PR-ANC
191	Snyman	Aubrey Desmond	(c) 082 7007 081	SnymanAD@durban.gov.za	68	M	DA
192	Sokhabase	Zamazulu Ruth	(c) 073 092 9991	SokhabaseZR@durban.gov.za / zSokhabase@yahoo.com		F	PR-ANC
193	Sosibo	Jacob Bheka	(c) 073 411 7744	SosiboJB@durban.gov.za	5	M	ANC
194	Thring	Wayne Maxim	(c) 083 623 1240	ThringWM@durban.gov.za / wayne@acdpkzn.co.za		M	PR-ACDP
195	Van den Berg	Jan Christoffel	(c) 082 372 2403	VanDenBergJC@durban.gov.za / ward65@ethekwini.org	65	M	DA
196	Veeran	Ronnie	(c) 082 371 7698	VeeranRonnie@durban.gov.za / ronniev@saol.com	49	M	DA
197	Xhakaza	Mandlenkosi Boniface	(c) 082 614 9337	XhakazaMB@durban.gov.za / njololo@gmail.com	83	M	ANC
198	Xulu	Stanley Zamokwakhe	(c) 083 741 5189	XuluSZ@durban.gov.za		M	PR-ANC
199	Xulu	Thembokwakhe Emmanuel	(c) 076 358 3066	XuluTE@durban.gov.za	39	M	IFP
200	Young	Nokuthula Yolenda	(c) 079 089 7375	YoungNY@durban.gov.za / Nokuthulayolendayoung@gmail.com		F	PR-ANC

No.	Surname	First Name	Telephone (Cell)	E-Mail Address	Ward No.	M/F	Party
201	Zenzile	Sebenzile William	(c) 073 200 3984 / (c) 031) 305 5399	ZenzileSW@durban.gov.za / william.zenzile@gmail.com	32	M	ANC
202	Zulu	Muzonjani Zacharia	(c) 072 981 1219	ZuluMZ@durban.gov.za / mzoh@telkomsa.net		M	PR-NFP
203	Zuma	Thandiwe Meltah	(c) 074 035 6258	ZumaTM@durban.gov.za	78	F	ANC
204	Zungu	Marcus Sifiso	(c) 082 532 8125 / (c) 078 414 5946	ZunguMS@durban.gov.za	20	M	ANC
205	Zwane	Mqiniseni Simon	(c) 082 964 3348	ZwaneMS@durban.gov.za / simonzwi@mweb.co.za		M	PR-ANC

APPENDIX B: COMMITTEES AND COMMITTEE PURPOSES

COMMITTEE NAME	PURPOSE OF COMMITTEE
AIDS Council	Advises the Executive Committee on the incidence of persons infected and affected by HIV and AIDS within the Municipal area and strategies for a comprehensive Municipal response to HIV and AIDS.
Civilian Oversight Committee	Oversees Crime and Policing issues.
Cleansing & Solid Waste Training Committee	Considers matters concerning the training of staff of the Cleansing & Solid Waste Unit.
Community & Emergency Services Committee	Considers and makes recommendations to the Executive Committee and Council on all matters pertaining to Health, Social Services, Safety and Security.
Durban Infrastructural Development Trust	Deals with Trust matters regarding the Point Development area.
Economic Development & Planning Committee	Considers reports from the Sustainable Development & City Enterprises Cluster to propose recommendations to the Executive Committee.
Ethics Committee	It considers, investigates and makes findings on any alleged breaches of the Councillors' Code of Conduct and makes appropriate recommendations to the Council.
eThekweni Municipality Informal Economy Forum	Considers matters concerning informal trade in the Municipality.
Finance & Procurement Committee	Considers and makes recommendations to the Executive Committee and Council on all financial and procurement issues.
Governance and Human Resources Committee	Considers and makes recommendations to the Executive Committee and Council on all matters pertaining to the Units in the Governance Cluster and human resources.
Local Labour Forum: Health Unit	Considers labour matters of the Health Unit and where necessary makes recommendations to the Cluster Local Labour Forum (Health, Safety and Social Services).
Human Resources & Development Sub-Committee: Governance and Corporate & Human Resources	Considers skills development matters of the Governance and Corporate & Human Resources Clusters
Human Resources & Development Sub-Committee: Sustainable Development & City Enterprises	Considers skills development matters of the Sustainable Development & City Enterprises Cluster
Human Resources & Development Sub-Committee: Local Labour Forum: Treasury & Office of the City Manager	Considers skills development matters of the Treasury Cluster & Units reporting directly to the City Manager
Human Settlements & Infrastructure Committee	Considers and makes recommendations to the Executive Committee and Council on all matters pertaining to cleansing & solid waste, electricity, engineering, housing and water & sanitation.
Local Labour Forum: Governance and Corporate & Human Resources	Considers labour matters of the Governance and Corporate & Human Resource Clusters.
Local Labour Forum: Community and Emergency Services	Considers labour matters of the Community and Emergency Services Cluster.
Local Labour Forum: Human Settlements and Infrastructure	Considers labour matters of the Human Settlements and Infrastructure Cluster.
Local Labour Forum: Sustainable Development & City Enterprises	Considers labour matters pertaining to the Sustainable Development & City Enterprises Cluster.
Local Labour Forum: Treasury & Office of the City Manager	Considers labour matters pertaining to the Treasury Cluster & Units reporting directly to the City Manager.
Mayoral Awards Steering Committee	Considers all matters concerning the Mayoral Awards Programme.

COMMITTEE NAME	PURPOSE OF COMMITTEE
Municipal Public Accounts Committee	Helps Council to hold the Administration, municipal agencies and entities accountable for their management of municipal funds and assets in order to ensure the efficient and effective utilization of Council resources.
Senior Citizens Steering Committee	Considers matters concerning the functions of Senior Citizens within the Municipality
Speaker's Committee	Considers issues on the Council Agenda and any other issues raised by Party Whips; mainly issues affecting Councillors.
Sports Body Leases : Monitoring and Evaluation Committee	Considers and makes recommendations regarding the lease of recreation amenities to sporting bodies, clubs, etc.
Town Planning Sub-Committee	Considers and makes recommendations to the Economic Development & Planning Committee, Executive Committee and Council in respect of Town Planning issues.

APPENDIX C: DISCLOSURES OF FINANCIAL INTEREST

Period 1 July 2012 to 30 June 2013		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor	JS Nxumalo	<ol style="list-style-type: none"> 1. Pension: Municipal Councillors Pension Fund 2. Spouses Interest: Ms PB Ntshangase is the director and 50% owner of the following company: Bhekimbeko Business Enterprise cc 3. Land & Property: Residential home in Ashley, Pinetown (R650 000), co-owner of family home at Gasa Section, Fredville-Inchanga (R225 000), co-owner of site at Crestholme, (R240 000)
Members of Exco	NF Shabalala	<ol style="list-style-type: none"> 1. Pension: Municipal Councillors Pension Fund 2. Land & Property: Owner of family home in Umlazi & owner of family home at Chatsworth. 3. Foreign Travel: By City Of Libraville, Gabon for signing of MOU.
	Loganathan Naidoo	<ol style="list-style-type: none"> 1. Directorship & Partnership in La Mercy Beach Hotel, Chelmsford Hotel, Fairbreeze Hotel (Hotels and Liquor stores). 2. Consultancies & Retainership: Jeevie Pillay (wife) private social worker 3. Land & Property: 9 Malcolm Welfare Circle, Westbrook Beach (1.4mil) Residential home. 4. Pension: KZN Municipal Pension Fund
	Fawzia Peer	<ol style="list-style-type: none"> 1. Shares: Telkom (100), Kumba (100), Al Baraka (20326.97 units), Oasis Crescent Fund (34925.79) and Mittal Steel (100) (on 2006 disclosure only, not appearing on the 2011/2012 forms) 2. Directorship & Partnership: Minara Board Member-Business Chamber. 3. Pension: Municipal Councillors Pension Fund 5. Land & Property: Family home in Westville (Family Trust)
	P Pillay	<ol style="list-style-type: none"> 1. Ownership of and other interests in land and immovable property: 65 Stepford Road, Phoenix (100%) and 20 Herrencroft Road, Phoenix (50%)
	J.N Cele	Directorships and Partnerships in Imqanawe Yama Khosikazi Impande Pension: Municipal Councillors Pension Fund
	R.Veeran	<ol style="list-style-type: none"> 1. Land & Property: Family home in Phoenix. 2. Pension: Municipal Councillors Pension Fund
	B.R.Mtshali	<ol style="list-style-type: none"> 1. Land & Property: Private house in Sea Cow Lake (R850 000)

Period 1 July 2012 to 30 June 2013		
Position	Name	Description of Financial interests* (Nil / Or details)
Former Municipal Manager	Dr Michael Sutcliffe	1. Shares: Old Mutual/Sanlam (10000), Satrix Shares (200000) 2. Land & Property: 71/72 Groote Schuur (1,4m) & 2-Bed Flat Berea (700000)
New Municipal Manager	Sibusiso Sithole	1. Land & Property: Sectional Title Unit 38, Scheme no 69, SS Cressington (R 360,000), Sectional Title Unit 30, Scheme 386, SS Tiloch (260,000), Erf 505, Umlazi (R440, 000), Erf 35, Montessel (R 1,340,000), Erf 1315, La Lucia, Ext 8 (R 472,500) & Sectional Title Unit 116, Scheme 758, SS Villa D'Algarve (R 899,000). 2. Relationship Declaration: National Education Co-Ordinating Committee (Not in operation), Xhuma Development Solutions Cc (Final Deregistration), Future Bound Holdings (Pty) Ltd (Final Deregistration), Ikusasaletu Farming Venture Cc (Final Deregistration), Imilolozelo Logistic Cc (Final Deregistration), Reflection Strategy Leadership And Governance Services Cc (In Business)
Chief Financial Officer	Krish Kumar	1. Shares: Old Mutual (1300), Sanlam (460), Sasol (100), Vodacom (100) 2. Relationship Declaration: IMFO (sec21) 3. Consultancies & Retainership: Accounting Standards Board- Professional Member (R7000 per meeting-leave taken when attending). 4. Land & Property: 133 Siripat Road, Reservoir Hills (1,3m) & Section 9 of 416 Kempton Park, Life Hotel (580000) (Rental Income 54000 pa)
Deputy MM and (Executive) Directors	Derek Naidoo	1. Shares: Sanlam (1452) 2. Directorships & Partnerships: Fastpulse-A digital Network Solutions (Non trading), Catfish Investments, Classic Number Trading 3. Work outside Municipality: Munimed-Medical Aid, Lifelab-Biotechnology (dissolved), Saccom Business Process Outsourcing, BPESA-National Body, Lenny Naidu Development Inst & Right Based Network. 4. Land & Property: No.1 Knoll Place Westville (850000) & Derek Naidoo Trust (1,2m).
	Sipho Cele	1. Directorships & Partnership: SA Cities Network 2. Private Work: Nyezini Taxi (Closed down)- R12000 3. Land & Property: 43 Chearsley Westville (2m), 285 Hamilton, Pretoria (R3000000)

Position	Name	Description of Financial interests* (Nil / Or details)
	Musa Gumede	<p>1. Shares: (10%) Yakhisizwe Investment Ltd (500000)</p> <p>2. Directorship & Partnership: Health And Hope Centre (In Business), Khanyolwethu Trading And Investments (Deregistration Final) Mpilenhle Occupational Health Clinic (Deregistration Final), Ricol Logistics (Deregistration Final), Siyaphila Health Services (Deregistration Final), The South African Medical Association (In Business), Yakhisizwe Investments (In Business), Zanempilo Healthcare, (Deregistration Final)</p> <p>3. Land & Property: 24 Kelvin Place, Dbn North (2,7m), 27 Duncan Drive Westville (1.5mil), Flat4 Collingham (360000) Income (Rental Income R20000pa)</p>
	Cecelia. Naledi Moyo	<p>1. Shares: 50% Shareholder Ceiling+Particioning 58% circle way trading, 100% Shareholder Consultancy 100% Nkandlane CC</p> <p>2. Land and Property: Residential (1655) (R5.5m)</p> <p>3. Directorship: Noah (Noah) NGO (Orphans), circle way carpentry (In business but not trading at the moment), 30 Nkandlane Investments consultancy (Not trading)</p>
	Dumisile Nene	<p>1. Land and Property: House- Darnall (1858)(R826000-00) (R51096-00), Flat-NRB (90.80) (R28627-20) Flat- Shaka's rock (90.80)(R900000-00)</p> <p>2. Consultancy: Dumisa Consult. HR+other consulting activities</p>

APPENDIX D: AUDIT AND RISK COMMITTEE CHAIRPERSON'S REPORTS

i) EThekweni Municipality

The Audit and Risk Committee is a committee constituted in terms of sections 166(2) and 166 (6) (b) of the Municipal Finance Management Act, 56 of 2003 and Section 94 (7) of the Companies Act.

The Audit and Risk Committee is a committee constituted in terms of sections 166(2) and 166 (6) (b) of the Municipal Finance Management Act, 56 of 2003 and Section 94 (7) of the Companies Act.

Internal financial control;

Internal Audit;

Risk Management processes;

Financial Reporting;

Performance Management;

Governance; and

Any other issues referred by the Municipality or its Entities.

TERMS OF REFERENCE

The Audit and Risk Committee has adopted formal terms of reference, *herein after referred to as the Audit and Risk Committee Charter*. The Charter is presented at a formal meeting, deliberated upon and recommended for final approval by Council. The Audit and Risk Committee has executed its duties in accordance with these terms of reference during the financial year ended June 2013.

COMPOSITION AND MEETINGS

The Committee consists of the following members:-

							MEETINGS ATTENDED	
Members	Qualifications	Appointed	Main Audit Committee		Performance Committee		Municipal Entities	
			Scheduled	Attended	Scheduled	Attended	Scheduled	Attended
Mr Sipho Nzuza	B.Com, H Dip (Tax) MBA	27/01/2009	6	4	4	1	6	3
Mr Peter Christianson	B.Com, CA (SA)	27/01/2009	6	6	4	4	6	6
Mr Rohit Desai	B.Com, MBA, CA (SA)	27/01/2009	6	6	4	4	6	5
Ms. Lihle Ndlovu	LLM	27/01/2009	6	6	4	4	6	6
Ms Bukekile Mashoko <i>(Member appointed on 08 March 2013)</i>	MBA, MSc (Agri. Econ) with merit BSc (Agri. Honours	08/03/2013	6	1	4	1	6	1

During the year, on the recommendation of the Audit Committee, Council established a separate Risk Committee comprising of three members. One member of the former Audit and Risk Committee, Ms Lihle Ndlovu, has been seconded to the Risk Committee. The first meeting of the Risk Committee was held on 21 June 2013.

The Accounting officer, DCM: Treasury, and other Deputy City Managers attend Committee meetings by invitation. The External and Internal Auditors, City Integrity and Investigations and Enterprise Risk Management Units have unrestricted access to the Audit Committee. The effectiveness of the Audit Committee as a whole and its individual members is assessed on an annual basis.

STATUTORY DUTIES

In execution of its statutory duties during the past financial year, the Audit and Risk Committee:

Believes the appointment of the Auditor General of South Africa (AGSA), complies with the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA), the Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA), and Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA);

Determined the fee to be paid to the AGSA, as disclosed in the Annual Financial Statements;

Considered management's reports submitted by the Municipality and Entities, to each successive meeting of the Audit Committee.

Reviewed the quality, adequacy, accuracy and reliability of financial information;

Reviewed the Annual Report and Financial Statements;

Responded to any issues raised by Internal Audit and Auditor General during the year;

Reviewed factors impacting on the financial sustainability of both the Municipality and Entities; and

Made submissions to the Executive Committee (EXCO), on a quarterly basis, of any matters which in the opinion of the Audit Committee needed to be brought to the attention of Council.

OVERSIGHT OF RISK

The Audit and Risk Committee has:

Received assurance from Internal Audit, City Integrity and Investigations, Enterprise Risk Management, Performance Management, Treasury and the AGSA and satisfied itself that the following areas have been appropriately addressed with respect to the Municipality and the Entities:-

Internal financial controls ;

Compliance requirements ;

Financial reporting risks;

Fraud Risks as it relates to financial reporting; and

IT Governance risks

INTERNAL FINANCIAL CONTROLS

The Audit Committee has:

Reviewed the effectiveness of eThekweni Municipality's systems of Internal Financial Controls and those of the Entities, including receiving assurance reports from Management, Internal and External Audit;

Reviewed significant issues raised by Internal and External Audit processes ;

Reviewed policies and procedures adopted for the prevention and detection of fraud;

Reviewed significant cases of misconduct or fraud or any other unethical activity by employees of the Municipality and of the Entities;

Reviewed residual risks arising from ERM risk registers and controls implemented to mitigate risk.

Based on the processes and assurances obtained, we believe that the internal financial controls are effective other than residual concerns raised with respect to the use of sec. 36 of the MFMA.

STATUTORY COMPLIANCE

The Audit Committee has:

Reviewed the effectiveness of the system for monitoring compliance with laws and regulations at both the Municipality and Entities. Whilst the Committee is satisfied with the policies and processes implemented, it has recommended the establishment of a formal Compliance function within the Municipality and at the ICC.

PERFORMANCE INFORMATION AND EVALUATION

The Audit Committee has reviewed performance information provided by both the Municipality and Entities at quarterly meetings throughout the year. Whilst the committee is satisfied with the information provided by the Entities, it is cognisant of the challenges faced by certain Departments within the Municipality and has recommended to management that their concerns be addressed.

EXTERNAL AUDIT (AGSA)

The Audit Committee has:

Reviewed the External Audit scope to ensure the critical areas within the Municipality and Entities are being addressed;

Reviewed the external auditors report including issues arising out of the external audit.

Based on processes followed and assurances received from the AGSA, nothing has come to our attention with regard to any matter concerning the independence of External Auditors.

INTERNAL AUDIT

The Audit Committee has:

Reviewed and approved the Internal Audit Charter;

Evaluated the independence, effectiveness and performance of the Internal Audit Unit in respect of the fulfilment of its mandate;

Reviewed Internal Audit reports, including management responses to issues raised therein;

Satisfied itself that the Internal Audit function has the necessary resources, budget and authority within Council to enable it to discharge its duties;

Noted the appointment of the Chief Audit Executive (Head: Internal Audit).

Approved the Internal Audit Plan; and

Encouraged cooperation between External and Internal Audit functions.

APPRECIATION:

The Audit Committee relies to a great extent on the Head: Internal Audit and his staff for their support and assistance, and for this we would like to thank them.

The Committee would also like to express its gratitude to the Accounting Officer, DCM: Treasury and the AGSA for their cooperation and assistance during the year.



Mr Sipho Nzuza

Chairperson: EThekweni Municipality

Audit and Risk Committee

Date: December 2013

ii) Ushaka Marine World

The Audit and Risk Committee is a committee constituted in terms of sections 166(2) and 166 (6) (b) of the Municipal Finance Management Act, 56 of 2003 and Section 94 (7) of the Companies Act.

The Audit and Risk Committee is an independent advisory body which must advise the board of directors, the accounting officer and the management staff of the municipal entity. It advises in matters relating to :-

- Internal financial control;
- Internal Audit;
- Risk Management processes;
- Financial Reporting;
- Performance Management;
- Governance; and
- Any other issues referred by the Municipality or the Entity.

TERMS OF REFERENCE

The Audit and Risk Committee has adopted formal terms of reference, herein after referred to as the Audit and Risk Committee Charter. The Charter is presented at a formal meeting, deliberated upon and recommended for final approval by Council. The Audit and Risk Committee has executed its duties in accordance with these terms of reference during the financial year ended June 2013.

COMPOSITION AND MEETINGS

The Committee consists of the following members : -

Members	Qualifications	Appointed	Entities (UShaka) Audit Committee	
			Scheduled	Attended
Mr Sipho Nzuza	B.Com, H Dip (Tax) MBA	27/01/2009	6	3
Mr Peter Christianson	B.Com, CA (SA)	27/01/2009	6	6
Mr Rohit Desai	B.Com, MBA, CA (SA)	27/01/2009	6	5
Ms. Lihle Ndlovu	LLM	27/01/2009	6	6
Ms Bukekile Mashoko (Member appointed on 08 March 2013)	MBA, MSc (Agri. Econ) with merit BSc (Agri. Honours)	08/03/2013	6	1

During the year, on the recommendation of the Audit Committee, Council established a separate Risk Committee comprising of three members. One member of the former Audit and Risk Committee, Ms Lihle Ndlovu, has been seconded to the Risk Committee. The first meeting of the Risk Committee was held on 21 June 2013.

The Accounting officer, DCM: Treasury and other Deputy City Managers attend Committee meetings by invitation. The External and Internal Auditors, City Integrity and Investigations and Enterprise Risk Management Units have unrestricted access to the Audit Committee. The effectiveness of the Audit Committee as a whole and its individual members is assessed on an annual basis.

STATUTORY DUTIES

In execution of its statutory duties during the past financial year, the Audit and Risk Committee:

- Believes the appointment of the Auditor General of South Africa (AGSA), complies with the requirements of requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA), and Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA);
- Determined the fee to be paid to the AGSA, as disclosed in the Annual Financial Statements;
- Seconded a member of the Audit and Risk Committee to attend the Entity's Board and Finance Committee Meetings;
- Considered management's reports, submitted to each successive meeting of the Audit Committee.
- Reviewed the quality, adequacy, accuracy and reliability of financial information;
- Reviewed the Annual Report and Financial Statements;
- Responded to any issues raised by Internal Audit and Auditor General during the year;
- Reviewed factors impacting on the financial sustainability of the Entity; and
- Made submissions to the Executive Committee (Exco) on a quarterly basis of any matters which in the opinion of the Audit Committee needed to be brought to the attention of Council.

OVERSIGHT OF RISK AND GOVERNANCE

The Audit and Risk Committee has:

- Received assurance from Internal Audit, Enterprise Risk Management, Performance Management, Treasury and the AGSA and satisfied itself that the following areas have been appropriately been addressed,
 - Internal financial controls ;
 - Compliance requirements ;
 - Financial reporting risks;
 - Fraud Risks as it related to financial reporting and ;
 - IT Governance risks

INTERNAL FINANCIAL CONTROLS

The Audit Committee has:

- Reviewed the effectiveness of UShaka's (DMTP) systems of Internal Financial Controls including receiving assurance reports from Management, Internal Audit and External Audit;
- Reviewed significant issues raised by the Internal and External audit processes;
- Reviewed policies and procedures adopted for the prevention and detection of fraud;
- Reviewed significant cases of misconduct or fraud or any other unethical activity by officials within the Entity;
- Reviewed significant legal exposures, and pending cases; and
- Reviewed residual risks arising from ERM risk registers and controls implemented to mitigate risks.

Based on the processes and assurances obtained, we believe that the internal financial controls are effective.

STATUTORY COMPLIANCE

The Audit Committee has:

- Reviewed the effectiveness of the system for monitoring compliance with laws and regulations.
- Has satisfied itself the policies and processes implemented provide the required assurance.

PERFORMANCE INFORMATION AND EVALUATION

The Audit Committee has reviewed performance information provided by the Entity at quarterly meetings throughout the year. The committee is satisfied with the information provided by the Entity.

EXTERNAL AUDIT (AGSA)

The Audit Committee has:

- Reviewed the External Audit scope to ensure the critical areas within the Entity are being addressed;
- Reviewed the external auditors report including issues arising out of the external audit.

Based on processes followed and assurances received from the AGSA, nothing has come to our attention with regard to any matter concerning the independence of the External Auditors.

INTERNAL AUDIT

The Audit Committee has:

- Reviewed and approved the Internal Audit Charter;
- Evaluated the independence, effectiveness and performance of the Internal Audit Unit in respect of the fulfilment of its mandate;
 - Reviewed Internal Audit reports, including management responses to issues raised therein;

- Satisfied itself that the Internal Audit function has the necessary resources, budget and authority within Council to enable it to discharge its duties;
- Noted the appointment of the Chief Audit Executive (Head : Internal Audit)
- Approved the Internal Audit Plan, and
- Encouraged cooperation between External and Internal audit functions.

Finance Function

The Committee is satisfied with the expertise and adequacy of resources within the Finance function. The Committee notes that the Chief Financial Officer has been appointed as Acting Chief Executive Officer and Company Secretary with effect from 21 August 2013. The Committee is concerned that this may impact on proper functioning of this unit.

APPRECIATION:

The Audit Committee relies to a great extent on the Head: Internal Audit and his staff for their support and assistance, and for this we would like to thank them.

The Committee would also like to express its gratitude to the, Accounting Officer, DCM: Treasury, Chief Executive Officer, Chief Financial Officer and the AGSA for their cooperation and assistance during the year.



Mr Siphon Nzuza

Chairperson: eThekweni Municipality

Audit and Risk Committee

Date: December 2013

iii) ICC

The Audit and Risk Committee is a committee constituted in terms of sections 166(2) and 166 (6) (b) of the Municipal Finance Management Act, 56 of 2003 and Section 94 (7) of the Companies Act.

The Audit and Risk Committee is an independent advisory body which **must** advise the board of directors, the accounting officer and the management staff of the municipal entity. It advises in matters relating to :-

- Internal financial control;
- Internal Audit;
- Risk Management processes;
- Financial Reporting;
- Performance Management;
- Governance; and
- Any other issues referred by the Municipality or its Entity.

TERMS OF REFERENCE

The Audit and Risk Committee has adopted formal terms of reference, *herein after referred to as the Audit and Risk Committee Charter*. The Charter is presented at a formal meeting, deliberated upon and recommended for final approval by Council. The Audit and Risk Committee has executed its duties in accordance with these terms of reference during the financial year ended June 2013.

COMPOSITION AND MEETINGS

The Committee consists of the following members:-

Members	Qualifications	Appointed	Entities (UShaka) Audit Committee	
			Scheduled	Attended
Mr Sipho Nzuza	B.Com, H Dip (Tax) MBA	27/01/2009	6	3
Mr Peter Christianson	B.Com, CA (SA)	27/01/2009	6	6
Mr Rohit Desai	B.Com, MBA, CA (SA)	27/01/2009	6	5
Ms. Lihle Ndlovu	LLM	27/01/2009	6	6
Ms Bukekile Mashoko <i>(Member appointed on 08 March 2013)</i>	MBA, MSc (Agri. Econ) with merit BSc (Agri. Honours	08/03/2013	6	1

During the year, on the recommendation of the Audit Committee, Council established a separate Risk Committee comprising of three members. One member of the former Audit and Risk Committee, Ms Lihle Ndlovu, has been seconded to the Risk Committee. The first meeting of the Risk Committee was held on 21 June 2013.

The Accounting officer, DCM: Treasury and other Deputy City Managers attend Committee meetings by invitation. The External and Internal Auditors, City Integrity and Investigations and Enterprise Risk Management Units have unrestricted access to the Audit Committee. The effectiveness of the Audit Committee as a whole and its individual members is assessed on an annual basis.

STATUTORY DUTIES

In execution of its statutory duties during the past financial year, the Audit and Risk Committee:

- Believes the appointment of the Auditor General of South Africa (AGSA), complies with the requirements of requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA), and Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA);
- Determined the fee to be paid to the AGSA, as disclosed in the Annual Financial Statements;
- Seconded a member of the Audit and Risk Committee to attend the Entity's Board Meetings;
- Considered management's reports, submitted to each successive meeting of the Audit Committee.
- Reviewed the quality, adequacy, accuracy and reliability of financial information;
- Reviewed the Annual Report and Financial Statements;
- Responded to any issues raised by Internal Audit and Auditor General during the year;
- Reviewed factors impacting on the financial sustainability of the Entity; and
- Made submissions to the Executive Committee (Exco) on a quarterly basis of any matters which in the opinion of the Audit Committee needed to be brought to the attention of Council.

OVERSIGHT OF RISK AND GOVERNANCE

The Audit and Risk Committee has:

- Received assurance from Internal Audit, Enterprise Risk Management, Performance Management Treasury and the AGSA and satisfied itself that the following areas have been appropriately been addressed,
 - Internal financial controls ;
 - Compliance requirements ;
 - Financial reporting risks;
 - Fraud Risks as it related to financial reporting and ;
 - IT Governance risks

INTERNAL FINANCIAL CONTROLS

The Audit Committee has:

- Reviewed the effectiveness of ICC's systems of Internal Financial Controls including receiving assurance reports from Management, Internal and External Audit;

- Reviewed significant issues raised by the Internal and External audit processes ;
- Reviewed policies and procedures adopted for the prevention and detection of fraud;
- Reviewed significant cases of misconduct or fraud or any other unethical activity by officials within the Entity;
- Reviewed significant legal exposures, and pending cases; and
- Reviewed residual risks arising from ERM risk registers and controls implemented to mitigate risks.

Based on the processes and assurances obtained, we believe that the internal financial controls are effective.

STATUTORY COMPLIANCE

The Audit Committee has:

Reviewed the effectiveness of the system for monitoring compliance with laws and regulations. Whilst the Committee is satisfied with the policies and processes implemented at the Entity, it has recommended the establishment of a formal Compliance function within the ICC.

PERFORMANCE INFORMATION AND EVALUATION

The Audit Committee has reviewed performance information provided by the Entity at quarterly meetings throughout the year. The committee is satisfied with the information provided by the Entity.

INTERNAL AUDIT

The Audit Committee has:

- Reviewed and approved the Internal Audit Charter;
- Evaluated the independence, effectiveness and performance of the Internal Audit Unit in respect of the fulfilment of its mandate;
- Reviewed Internal Audit reports, including management responses to issues raised therein;
- Satisfied itself that the Internal Audit function has the necessary resources, budget and authority within Council to enable it to discharge its duties;
- Noted the appointment of the Chief Audit Executive (Head : Internal Audit)
- Approved the Internal Audit Plan, and
- Encouraged cooperation between External and Internal audit functions.

EXTERNAL AUDIT (AGSA)

The Audit Committee has:

- Reviewed the External Audit scope to ensure the critical areas within the Entity are being addressed;
- Reviewed the external auditors report including issues arising out of the external audit.

Based on processes followed and assurances received from the AGSA, nothing has come to our attention with regard to any matter concerning the independence of the External Auditors.

FINANCE FUNCTION

The Committee is satisfied with the expertise and adequacy of resources within the Finance function, as at the end of the financial year. The Committee notes that the Chief Financial Officer resigned subsequent to the financial year end and would urge Management to fill this vacancy as a matter of priority.

APPRECIATION:

The Audit Committee relies to a great extent on the Head: Internal Audit and his staff for their support and assistance, and for this we would like to thank them.

The Committee would also like to express its gratitude to the, Accounting Officer, DCM: Treasury, Chief Executive Officer, Chief Financial Officer and the AGSA for their cooperation and assistance during the year.



Mr Siphon Nzuza

Chairperson: EThekweni Municipality

Audit and Risk Committee

Date: December 2013

APPENDIX E: CAPITAL BUDGET BY CLUSTER

eThekweni Municipality				
CAPITAL COMPARATIVES STATEMENT FOR THE PERIOD ENDING 30 JUNE 2013				
SUMMARY BY CLUSTER	-	R MILLIONS		
	ORIGINAL TOTAL BUDGET 2012/2013	ADJUSTED TOTAL BUDGET 2012/2013	ACTUAL YTD	% SPENT AGAINST ADJUSTEDBUDGET
Human Settlement and Infrastructure	4733.159	3564.592	2775.469	77.86%
Health & Social Services	156.083	128.234	87.442	68.19%
Safety & Security Services	15.583	50.208	36.930	73.55%
Sustainable Development & City Enterprises	164.236	150.988	125.855	83.35%
Treasury	67.800	222.951	241.885	108.49%
Governance	16.400	18.886	9.990	52.89%
Corporate Human Resources	0.000	2.154	2.084	96.75%
City Manager's Office	132.002	162.021	183.121	113.02%
GRAND TOTAL	5 285.263	4 300.034	3 462.776	80.53%

APPENDIX F: CONDITIONAL GRANTS (EXCLUDING MIG)

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Neighbourhood Development Partnership Grant	10 000	10 000	3 514	-65%	-65%	Approval by the National Treasury of programme and/or project business plans which are in alignment to the NDPG's goals. *The receiving officer must submit a milestone payment schedule with budgets and time frames for project implementation. * Obtain a council resolution striving to achieve measurable outputs
Public Transport Infrastructure and Systems Grant	595 702	595 702	128 520	-79%	-79%	The current PTIS grant funds municipal public transport infrastructure and systems in support of integrated networks as defined in the Public Transport Strategy and provided for in the National Land Transport Act. * The allocation of PTIS funds must be aligned with the Integrated Transport Plan and its Integrated Rapid Public Transport Network (IRPTN) components as approved by the relevant municipal council. * Cities are required to establish dedicated project teams with sufficient capacity to implement IRPTN projects. * IRPTN designs must recover all direct operating costs of the contracted operators (excluding vehicle capital costs) from fare revenue. * Cities are required to establish specialist capacity to manage and monitor IRPTN system contracts and operations as well as to plan future expansions of the network and this must be in place in advance of the first IRPTN operator commencing with service provision to the public.

Expanded Public Works Programme Incentive	42 356	42 356	24 471	-42%	-42%	Municipalities must sign a standard incentive agreement with national Department of Public Works (NDPW) to agree to comply with the conditions and obligations of the grant. * Municipalities must report progress on all projects for which they are claiming the incentive via NDPW's EPWP Management Information System (MIS). This includes reporting beneficiary information. * Municipalities must maintain beneficiary and payroll records as specified in the audit requirements in the EPWP Incentive manual. * Eligible municipalities must use the EPWP incentive grant received for continuing or expanding job creation programmes
Integrated National Electrification Programme (Municipal Grant)	5 000	5 000	5 000	0%	0%	Municipality must contractually undertake to account for the allocated funds on a monthly basis by the 10th of every month, ensure that the designs for households' connections projects are completed before June of every year in order to allow for construction to start shortly after July. And if the external consultant will be used, such consultant must be appointed before the end of May, pass all benefits to end - customers', not utilise the fund for any purpose other than electrification.
Electricity Demand Side Management Grant	31 772	31 772	31 772	0%	0%	Implementation of labour intensive methods in accordance with EPWP guidelines on EDSM projects. * Measurements and verification (M&V) system to be done by M&V experts in line with Electricity Demand Side Management policy.
Total	684 638	684 638	189 085			

* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the original/adjustments budget.

Where the Budget is Nil against the Actual, the Actual was funded by a Roll-over from the previous year

APPENDIX G: CAPITAL PROGRAMME BY MAJOR PROJECT

Capital Programme by Project 2012/13						
Capital Project	Project No.	Original Budget	Adjusted Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
HOUSING-HOSTELS						
Kwa Mashu	H7001	50 000	50 000	262	1%	1%
Glebelands	H7002	35 000	35 000	140	3%	3%
Umlazi T	H7007	35 000	35 000	383	24%	24%
ENGINEERING-ROADS						
Road Rehabilitation	P3965	507 050	427 948	391 252	91%	77%
Nandi Drive	P6398	45 000	45 010	50 570	112%	112%
Zone Plans	P6335	50 000	35 922	34 482	96%	69%
STORMWATER						
Waterfall Rd	P7892.74180		15 000	15 957	106%	-
Barns Road	P7431.74180		12 000	11 194	93%	-
Umgeni River Canalisation	P2544	10 000	10 000	9 074	91%	91%
ETHEKWE NI TRANSPORT AUTHORITY						
Land Acquisition	N7848.74180	-	49 970	-	0%	-
N2 interchange	P3528	-	48 000	84 210	175%	-
Freight Management Infrastructure - Blocksum	P3505	5 000	13 300	9 029	68%	181%

Capital Programme by Project 2012/13						
SOLID WASTE						
Electron Road Waste Transfer Station - Construction	WEL02	120 000	100 000	75 771	76%	63%
Fleet - Solid Waste		10 000	20 500	25 028	122%	250%
Lovu Landfill Cell phases and Infrastructure works	WLO03	8 890	12 725	11 316	89%	127%
SANITATION						
Ablution Blocks - In Situ Upgrade	Y6525.72956.64320	100 000	248 291	238 344	96%	238%
Kwa Mashu W W T W	Y6973	100 000	108 700	79 208	73%	79%
Upgrade Ohlanga / Phoenix Link Sewer	Y6393.72967.64320	40 000	56 423	18 536	33%	46%
WATER						
Water Flagship Project - Western Aqueduct	X4625	349 000	94 362	19 035	20%	5%
Fleet - Water		10 000	70 109	68 315	97%	683%
Relays & Extension	X4217	20 000	45 861	49 549	108%	248%
ELECTRICITY						
MVLV New Supply - Sundry	SD000025	50 000	50 000	76 109	152%	152%
Sapref	TM0089	50 000	49 200	43 027	87%	86%
MVLV Replacement Reticulation	SD000204	40 000	40 000	19 634	49%	49%
LIBRARIES						
Library and Museum Centre	N1225	21 400	21 400	10 333	48%	48%

Capital Programme by Project 2012/13						
Purchase of Library Books		600 13	600 13	792 9	72%	72%
Purchase of Library Books (ICT)		000 6	000 6	384	6%	6%
SOCIAL & SECURITY SERVICES						
Fire Training Centre Liberty Place	N1112	–	453 9	584 10	112%	-
Specialist Support Vehicles - Fire		383 8	383 8	233 8	98%	98%
EMERGENCY CONTROL & DISASTER MGT						
CCTV : AFCON 2013	N1625	–	600 3	984 2	83%	-
TOWN CENTRE RENEWAL						
Town Centre Renewal - Hammarsdale & Mpumalanga	S1061	000 6	000 11	776 6	62%	113%
Umlazi Town Centre	S1062	–	500 14	293 8	57%	-
Furniture Incubator	S1071	–	500 11	855 10	94%	-
TREASURY						
Fleet Replacement & Maintenance - R & G		200 33	511 130	684 159	122%	481%
RMS - Software Development - Income		–	084 49	973 7	16%	-
Building Efficiency	T7030	–	492 5	306 18	333%	-
GOVERNANCE						
Upgrading of Airconditioning	G1001	000 10	000 10	055 5	51%	51%

Capital Programme by Project 2012/13						
Wheelchair ramps at all 3 entrances	G1002	400 2	400 2	645 1	69%	69%
Upgrade Interior Entrance	G1002	000 1	000 1	777	78%	78%
STRATEGIC PROJECTS						
Beach Upgrade	O2015	000 17	000 50	573 93	187%	550%
Moses Mabhida Stadium	O2010	300 5	000 15	639 11	78%	220%
INFORMATION TECHNOLOGY						
Datacentre Infra: SAN Storage	O1064	000 4	902 9	785 4	48%	120%

APPENDIX H: CAPITAL EXPENDITURE

Capital Expenditure - New Assets Programme*							
R '000							
Description	2011/12	2012/13			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<u>Capital expenditure by Asset Class</u>							
<u>Infrastructure - Total</u>	1 385 560	2 351 123	2 245 210	1 193 723	2 715 555	2 891 649	3 083 867
Infrastructure: Road transport - Total	288 059	343 180	204 409	579 965	262 320	341 215	275 012
<i>Roads, Pavements & Bridges</i>	140 604	265 570	129 583	572 174	256 470	307 915	251 000
<i>Storm water</i>	147 455	77 610	74 826	7 791	5 850	33 300	24 012
Infrastructure: Electricity - Total	349 281	249 700	383 956	263 561	183 516	227 196	253 455
<i>Generation</i>	-						
<i>Transmission & Reticulation</i>	342 781	246 450	380 706	263 561	177 891	221 571	247 065
<i>Street Lighting</i>	6 500	3 250	3 250	-	5 625	5 625	6 390
Infrastructure: Water - Total	13 000	583 689	430 999	-	602 150	547 450	579 150
<i>Dams & Reservoirs</i>	8 550	26 000	26 000	-	62 400	45 500	26 000
<i>Water purification</i>	-	-	-		-		
<i>Reticulation</i>	4 450	557 689	404 999	-	539 750	501 950	553 150
Infrastructure: Sanitation - Total	352 085	360 200	360 200	229 051	542 050	516 050	474 300
<i>Reticulation</i>	337 296	321 200	321 200	2 991	396 550	426 550	425 300
<i>Sewerage purification</i>	14 789	39 000	39 000	226 060	145 500	89 500	49 000
Infrastructure: Other - Total	383 135	814 354	865 646	121 146	1 125 519	1 259 738	1 501 950

<i>Waste Management</i>	122 230	146 800	135 306	–	23 400	18 900	22 050
<i>Transportation</i>	87 802	124 500	230 446	52 937	952 119	1 097 338	1 092 200
<i>Gas</i>	–	–	–	–		13 500	1 800
<i>Other</i>	173 103	543 054	499 894	68 209	150 000	130 000	385 900
	18	108	100	126		200	194
<u>Community - Total</u>	565	300	547	522	127 989	307	600
Parks & gardens	510	–		–			
Sportsfields & stadia	2 350	–					
Swimming pools	3 082	3 000	3 000				
Community halls	1 810	–	–				
Libraries	100	77 900	37 900	69 708	47 600	129 870	150 800
Recreational facilities	–	–	–	49 801			
Fire, safety & emergency	–	–	21 888	–			
Security and policing	–	2 700	13 059	–	36 477	41 940	31 718
Buses	–	–	–	–			
Clinics	10 713	16 500	16 500	4 612	30 262	25 000	9 900
Museums & Art Galleries	–	8 200	8 200	2 023	13 200	3 497	2 182
Cemeteries	–	–		–			
Social rental housing	–	–		–			
Other	–	–		378	450		

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previous page

Capital Expenditure - New Assets Programme*							
R '000							
Description	2011/12	2012/13			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<u>Capital expenditure by Asset Class</u>							
<u>Heritage assets - Total</u>	–	5 000	5 000	157	3 500	–	–
Buildings				–		–	–
Other		5 000	5 000	157	3 500		
<u>Investment properties - Total</u>	5 000	–	–	–	–	–	–
Housing development	–						
Other	5 000			–	–	–	–
-							
<u>Other assets</u>	888 174	961 206	352 172	826 759	790 150	738 608	1 129 841
General vehicles	80 810	43 200	155 360	277 892	43 200	55 800	71 100
Specialised vehicles	119 441	18 383	46 103	194	19 800	5 724	23 004
Plant & equipment	291 713	81 623	84 824	121 573	36 900	31 635	37 597
Computers - hardware/equipment	35 390	19 500	19 739	–	43 371	21 150	14 355
Furniture and other office equipment	71 506	–	–	115 021			
Abattoirs	–	–	–	–			
Markets	424	–	–	5 917			
Civic Land and Buildings	–	3 000	3 000	268 418			

Other Buildings	27 431	9 000	9 000	–	34 182	25 300	61 800
Other Land	11 850	7 000	7 000	–	1 152	1 170	5 400
Surplus Assets - (Investment or Inventory)	154 557	757 000	–		589 306	527 587	846 500
Other	95 052	22 500	27 146	37 744	22 239	70 242	70 085
<u>Agricultural assets</u>	–			–	–	–	–
<i>List sub-class</i>							
<u>Biological assets</u>	–			–	–	–	–
<i>List sub-class</i>							
<u>Intangibles</u>	52 075	12 850	12 850	39 932	–	–	–
Computers - software & programming	51 075	12 850	12 850	39 932			
Other (<i>list sub-class</i>)	1 000						
Total Capital Expenditure on new assets	2 349 374	3 438 479	2 715 779	2 187 093	3 637 194	3 830 564	4 408 308
<u>Specialised vehicles</u>	119 441	18 383	46 103	–	19 800	5 724	23 004
Refuse	92 000	10 000	37 720		17 100		
Fire	15 254	8 383	8 383		2 700	5 724	23 004
Conservancy	12 187				–	–	
Ambulances							
<p>* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)</p> <p style="text-align: right;">T M.1</p>							

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	2011/12	2012/13			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<u>Capital expenditure by Asset Class</u>							
<u>Infrastructure - Total</u>	706 930	1 621 434	1 358 905	842 226	1 310 114	1 385 664	1 502 759
Infrastructure: Road transport -Total	25 527	940 031	677 502	441 396	526 234	497 028	593 229
<i>Roads, Pavements & Bridges</i>	11 579	926 083	663 554	152 407	458 882	494 328	576 939
<i>Storm water</i>	13 948	13 948	13 948	288 989	67 352	2 700	16 290
Infrastructure: Electricity - Total	210 950	210 950	210 950	188 884	271 900	332 356	320 857
<i>Generation</i>			-	-			
<i>Transmission & Reticulation</i>	207 950	207 950	207 950	188 884	271 900	332 356	320 857
<i>Street Lighting</i>	3 000	3 000	3 000	-			
Infrastructure: Water - Total	64 400	64 400	64 400	-	97 280	253 450	181 950
<i>Dams & Reservoirs</i>	3 000	3 000	3 000	-			
<i>Water purification</i>	500	500	500	-			
<i>Reticulation</i>	60 900	60 900	60 900	-	97 280	253 450	181 950
Infrastructure: Sanitation - Total	206 000	206 000	206 000	-	228 350	184 700	198 600
<i>Reticulation</i>	81 500	81 500	81 500	-	94 850	167 400	105 300
<i>Sewerage purification</i>	124 500	124 500	124 500	-	133 500	17 300	93 300
Infrastructure: Other - Total	200 053	200 053	200 053	211 946	186 350	118 130	208 123
<i>Waste Management</i>	10 000	10 000	10 000	-			1 673
<i>Transportation</i>	14 000	14 000	14 000	-	115 950	62 730	103 350

<i>Gas</i>	–	–	–	–	5 400	3 600	3 600
<i>Other</i>	176 053	176 053	176 053	211 946	65 000	51 800	99 500
<u>Community</u>	55 016	76 783	76 783	216 064	91 671	175 536	159 585
Parks & gardens	6 773	6 773	6 773	–	4 235	13 437	9 900
Sportsfields & stadia	–	15 800	15 800	–	25 420	26 494	31 437
Swimming pools	1 748	2 800	2 800	–	14 592	33 832	35 861
Community halls	2 350	2 350	2 350	–	2 163	2 332	2 471
Libraries	14 600	14 600	14 600	68 696	11 989	49 770	35 100
Recreational facilities	12 085	17 000	17 000	96 806			
Fire, safety & emergency	–	–	–	–	32 372	46 214	37 068
Security and policing	–	–	–	–			
Buses	–	–	–	–			
Clinics	–	–	–	41 376			
Museums & Art Galleries	2 057	2 057	2 057	–	450		4 118
Cemeteries	15 403	15 403	15 403	–	450	3 457	3 630
Social rental housing	–	–	–	–			
Other	–	–	–	9 186			
<u>Heritage assets</u>	15 900	15 900	15 900	–	11 250	12 600	12 960
Buildings		15 900	15 900	–	11 250	12 600	12 960
Other	15 900			–	–	–	–

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previous page

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	2011/12	2012/13			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<u>Capital expenditure by Asset Class</u>							
<u>Investment properties</u>	-	-	-	-	-	-	-
Housing development							
Other							
<u>Other assets</u>	382 457	127 167	127 167	420 789	376 985	358 930	353 768
General vehicles	2 000	2 000	2 000	365 742	29 900	41 900	49 400
Specialised vehicles	5 000	5 000	5 000	-	4 500	4 500	10 000
Plant & equipment	231 148	7 710	7 710	9 607	23 256	28 404	44 623
Computers - hardware/equipment	21 552	4 700	4 700	-	900		-
Furniture and other office equipment	150	150	150	-	711	396	945
Abattoirs	-	-	-	-			
Markets	9 005	9 005	9 005	150	3 420	2 970	18 450
Civic Land and Buildings	-	-	-	45 290			
Other Buildings	29 700	14 700	14 700	-	82 980	96 120	44 730
Other Land	-	-	-	-	8 087	4 500	4 500
Surplus Assets - (Investment or Inventory)	83 902	-	-	-			
Other	-	83 902	83 902	-	223 231	180 140	181 120

<u>Agricultural assets</u>	–	–		–	–	–
<i>List sub-class</i>						
<u>Biological assets</u>	–	–		–	–	–
<i>List sub-class</i>						
<u>Intangibles</u>	000 5	500 5	500 5	999 31	4 932	780 3 500 4
Computers - software & programming	000 5	5 500	5 500	999 31	4 932	3 780 4 500
Other (<i>list sub-class</i>)		–	–	–		
Total Capital Expenditure on renewal of existing assets	303 1 165	784 1 846	255 1 584	078 1 511	1 794 952	510 1 936 2 033 572
<u>Specialised vehicles</u>	–	000 5	000 5	–	4 500	500 4 10 000
Refuse						
Fire						
Conservancy		5 000	5 000	–	4 500	4 500 10 000
Ambulances						

* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)

Capital Expenditure - New Assets Programme*							
R '000							
Description	2011/12	2012/13			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	1 385	2 351	2 245	1 447		2 891	3 083
Infrastructure: Road transport - Total	560	123	210	407	2 715 555	649	867
<i>Roads, Pavements & Bridges</i>	288	343	204	278		341	275
<i>Storm water</i>	059	180	409	107	262 320	215	012
<i>Infrastructure: Electricity - Total</i>							
<i>Generation</i>	140 604	265 570	129 583	259 013	256 470	307 915	251 000
<i>Transmission & Reticulation</i>	147 455	77 610	74 826	19 094	5 850	33 300	24 012
<i>Street Lighting</i>	349	249	383	283		227	253
Infrastructure: Water - Total	281	700	956	609	183 516	196	455
<i>Dams & Reservoirs</i>							
<i>Water purification</i>	–						
<i>Reticulation</i>	342 781	246 450	380 706	260 054	177 891	221 571	247 065
	6 500	3 250	3 250	23 555	5 625	5 625	6 390
Infrastructure: Sanitation - Total	13	583	430	179		547	579
<i>Reticulation</i>	000	689	999	968	602 150	450	150
<i>Sewerage purification</i>	8 550	26 000	26 000	11 593	62 400	45 500	26 000
<i>Other</i>	–	–	–	–	–	–	–
	4 450	557 689	404 999	168 375	539 750	501 950	553 150
Infrastructure: Other - Total	352	360	360	357		516	474
<i>Waste Management</i>	085	200	200	575	542 050	050	300
<i>Transportation</i>	337 296	321 200	321 200	357 169	396 550	426 550	425 300
<i>Gas</i>	14 789	39 000	39 000	406	145 500	89 500	49 000
Community - Total	383	814	865	348	1 125 519	1 259	1 501
<i>Parks & gardens</i>	135	354	646	148		738	950
<i>Sportsfields & stadia</i>	122 230	146 800	135 306	90 622	23 400	18 900	22 050
<i>Swimming pools</i>	87 802	124 500	230 446	23 598	952 119	1 097 338	1 092 200
<i>Community halls</i>	–	–	–	–		13 500	1 800
<i>Libraries</i>	173 103	543 054	499 894	233 928	150 000	130 000	385 900
<i>Recreational facilities</i>	18	108	100	45		200	194
<i>Fire, safety & emergency</i>	565	300	547	353	127 989	307	600
<i>Security and policing</i>	510	–		171			
<i>Buses</i>	2 350	–					
<i>Clinics</i>	3 082	3 000	3 000				
<i>Museums & Art</i>	1 810	–	–				
<i>Galleries</i>	100	77 900	37 900	15 649	47 600	129 870	150 800
	–	–	–				
	–	–	21 888	1 379			
	–	2 700	13 059	7 674	36 477	41 940	31 718
	–	–	–				
	10 713	16 500	16 500	12 390	30 262	25 000	9 900
	–	8 200	8 200	8 090	13 200	3 497	2 182

Cemeteries	-	-		-			
Social rental housing	-	-		-			
Other	-	-			450		

Capital Expenditure - New Assets Programme*							
R '000							
Description	2011/12	2012/13			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Heritage assets - Total	-	5 000	5 000	1 462	3 500	-	-
Buildings				-		-	-
Other		5 000	5 000	1 462	3 500		
Investment properties - Total	5 000	-	-	-	-	-	-
Housing development	-						
Other	5 000			-	-	-	-
-							
Other assets	888 174	961 206	352 172	452 693	790 150	738 608	1 129 841
General vehicles	80 810	43 200	155 360	188 772	43 200	55 800	71 100
Specialised vehicles	119 441	18 383	46 103	76 548	19 800	5 724	23 004
Plant & equipment	291 713	81 623	84 824	79 354	36 900	31 635	37 597
Computers - hardware/equipment	35 390	19 500	19 739	28 657	43 371	21 150	14 355
Furniture and other office equipment	71 506	-	-				
Abattoirs	-	-	-				
Markets	424	-	-				
Civic Land and Buildings	-	3 000	3 000	2 431			
Other Buildings	27 431	9 000	9 000	32 529	34 182	25 300	61 800
Other Land	11 850	7 000	7 000	5 957	1 152	1 170	5 400
Surplus Assets - (Investment or Inventory)	154 557	757 000	-		589 306	527 587	846 500
Other	95 052	22 500	27 146	38 445	22 239	70 242	70 085
Agricultural assets	-			-	-	-	-
List sub-class							
Biological assets	-			-	-	-	-
List sub-class							
Intangibles	52 075	12 850	12 850	4 784	-	-	-

Computers - software & programming	51 075	12 850	12 850	4 784			
Other (<i>list sub-class</i>)	1 000						
Total Capital Expenditure on new assets	2 349 374	3 438 479	2 715 779	1 951 699	3 637 194	3 830 564	4 408 308
Specialised vehicles	119 441	18 383	46 103	76 548	19 800	5 724	23 004
Refuse	92 000	10 000	37 720	68 315	17 100		
Fire	15 254	8 383	8 383	8 233	2 700	5 724	23 004
Conservancy	12 187			-	-	-	
Ambulances							

Note: Information for this table may be sourced from MBRR (2009: Table SA34a)

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	2011/12	2012/13			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	706 930	1 621 434	1 358 905	1 122 387	1 310 114	1 385 664	1 502 759
Infrastructure: Road transport -Total	25 527	940 031	677 502	732 822	526 234	497 028	593 229
Roads, Pavements & Bridges	11 579	926 083	663 554	709 359	458 882	494 328	576 939
Storm water	13 948	13 948	13 948	23 463	67 352	2 700	16 290
Infrastructure: Electricity - Total	210 950	210 950	210 950	168 827	271 900	332 356	320 857
Generation			-	-			
Transmission & Reticulation	207 950	207 950	207 950	166 234	271 900	332 356	320 857
Street Lighting	3 000	3 000	3 000	2 593			
Infrastructure: Water - Total	64 400	64 400	64 400	17 823	97 280	253 450	181 950
Dams & Reservoirs	3 000	3 000	3 000	8 514			
Water purification	500	500	500	181			
Reticulation	60 900	60 900	60 900	9 128	97 280	253 450	181 950
Infrastructure: Sanitation - Total	206 000	206 000	206 000	130 379	228 350	184 700	198 600
Reticulation	81 500	81 500	81 500	3 085	94 850	167 400	105 300
Sewerage purification	124 500	124 500	124 500	127 294	133 500	17 300	93 300

Infrastructure: Other - Total	200 053	200 053	200 053	72 536	186 350	118 130	208 123
<i>Waste Management</i>	10 000	10 000	10 000	13 967			1 673
<i>Transportation</i>	14 000	14 000	14 000	8 271	115 950	62 730	103 350
<i>Gas</i>	–	–	–	–	5 400	3 600	3 600
<i>Other</i>	176 053	176 053	176 053	50 298	65 000	51 800	99 500
Community	55 016	76 783	76 783	143 609	91 671	175 536	159 585
Parks & gardens	6 773	6 773	6 773	5 584	4 235	13 437	9 900
Sportsfields & stadia	–	15 800	15 800	19 501	25 420	26 494	31 437
Swimming pools	1 748	2 800	2 800	4 720	14 592	33 832	35 861
Community halls	2 350	2 350	2 350	4 496	2 163	2 332	2 471
Libraries	14 600	14 600	14 600	10 052	11 989	49 770	35 100
Recreational facilities	12 085	17 000	17 000	93 573			
Fire, safety & emergency	–	–	–	–	32 372	46 214	37 068
Security and policing	–	–	–	–			
Buses	–	–	–	–			
Clinics	–	–	–	–			
Museums & Art Galleries	2 057	2 057	2 057	310	450		4 118
Cemeteries	15 403	15 403	15 403	5 373	450	3 457	3 630
Social rental housing	–	–	–	–			
Other	–	–	–	–			
Heritage assets	15 900	15 900	15 900	7 478	11 250	12 600	12 960
Buildings		15 900	15 900	7 478	11 250	12 600	12 960
Other	15 900			–	–	–	–

Capital Expenditure - Upgrade/Renewal Programme*							
							R '000
Description	2011/12	2012/13			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Investment properties	–	–	–	–	–	–	–
Housing development							
Other							
Other assets	382 457	127 167	127 167	233 330	376 985	358 930	353 768
General vehicles	2 000	2 000	2 000	27 139	29 900	41 900	49 400
Specialised vehicles	5 000	5 000	5 000	44 452	4 500	4 500	10 000
Plant & equipment	231 148	7 710	7 710	24 823	23 256	28 404	44 623

Computers - hardware/equipment	21 552	4 700	4 700	3 632	900		-
Furniture and other office equipment	150	150	150	1 280	711	396	945
Abattoirs	-	-	-	-			
Markets	9 005	9 005	9 005	7 264	3 420	2 970	18 450
Civic Land and Buildings	-	-	-	-			
Other Buildings	29 700	14 700	14 700	54 553	82 980	96 120	44 730
Other Land	-	-	-	-	8 087	4 500	4 500
Surplus Assets - (Investment or Inventory)	83 902	-	-	-			
Other	-	83 902	83 902	70 187	223 231	180 140	181 120
Agricultural assets	-	-		-	-	-	-
<i>List sub-class</i>							
Biological assets	-	-		-	-	-	-
<i>List sub-class</i>							
Intangibles	5 000	5 500	5 500	4 273	3 4 932	3 780	4 500
Computers - software & programming	5 000	5 500	5 500	4 273	4 932	3 780	4 500
Other (<i>list sub-class</i>)		-	-	-			
Total Capital Expenditure on renewal of existing assets	1 165 303	1 846 784	1 584 255	1 511 077	1 794 952	1 936 510	2 033 572
Specialised vehicles	-	5 000	5 000	44 452	4 500	4 500	10 000
Refuse Fire				44			
Conservancy Ambulances		5 000	5 000	452	4 500	4 500	10 000
* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)							

APPENDIX I: REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
	R' 000					
Vote Description	2011/2012	Current Year 2012/2013			2012/13 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 1 - Office of the City Manager	190 780	66 966	206 501	191 915	187%	-7%
Vote 2 - Treasury	7 538 398	8 291 771	7 799 373	7 789 696	-6%	0%
Vote 3 - Governance	3 365	6 260	6 713	4 703	-25%	-30%
Vote 4 - Corporate and Human Resources	21 404	22 897	22 897	20 688	-10%	-10%
Vote 5 - Sustainable Development & City Enterprises	278 275	60 513	115 763	268 204	343%	132%
Vote 6 - Safety and Security	–	139 870	149 323	–	-100%	-100%
Vote 7 - Health and Social Services	105 430	203 430	240 572	170 388	-16%	-29%
Vote 8 - Procurement and Infrastructure	2 621 371	3 929 322	3 078 322	3 038 372	-23%	-1%
Vote 9 - Electricity	8 732 945	9 949 300	10 082 828	9 712 853	-2%	-4%
Vote 10 - Water	2 590 570	3 335 940	3 254 138	2 982 873	-11%	-8%
Vote 11 - Formal Housing	66 561	102 977	114 221	84 860	-18%	-26%
Vote 12 - Markets	64 848	67 455	67 455	70 627	5%	5%
Vote 13 - Aiport	6	6	7	6	-12%	-15%

Revenue Collection Performance by Vote						
	R' 000					
Vote Description	2011/2012	Current Year 2012/2013			2012/13 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	216	865	115	065		
Example 14 - Vote 14	–	–	–	–	–	–
Example 15 - Vote 15	–	–	–	–	–	–
Total Revenue by Vote	22 220 163	26 183 564	25 145 220	24 341 244	0	0

APPENDIX J: REVENUE COLLECTION BY SOURCE

Revenue Collection Performance by Source						
R '000						
Description	2011/12	2012/13			2012/13 Variance	
	Actual	Original Budget	Adjustment s Budget	Actual	Original Budget	Adjustment s Budget
Property rates	4 350 799	4 711 969	4 711 969	4 967 942	5%	5%
Property rates - penalties & collection charges	111 867	132 134	132 134	69 002	-48%	-48%
Service Charges - electricity revenue	8 352 757	9 581 538	9 581 538	9 174 721	-4%	-4%
Service Charges - water revenue	1 893 865	2 622 062	2 622 062	2 066 325	-21%	-21%
Service Charges - sanitation revenue	404 734	671 356	671 356	442 348	-34%	-34%
Service Charges - refuse revenue	635 915	425 382	425 382	663 029	56%	56%
Service Charges - other	140 766	213 153	213 949	152 656	-28%	-29%
Rentals of facilities and equipment	406 218	349 152	420 404	417 582	20%	-1%
Interest earned - investments	313 605	328 899	334 409	441 814	34%	32%
Dividends received	–	–	–	–	0%	0%
Fines	129 165	104 400	104 400	110 926	6%	6%
Licences and permits	40 087	29 747	21 361	42 836	44%	101%
Agency services	–	–	8 385	–	0%	-100%
Transfers recognised - operational	1 951 227	2 126 964	2 192 674	2 026 005	-5%	-8%
Other revenue	1 955 653	2 023 711	2 051 731	2 109 581	4%	3%
Gains on disposal of PPE	65 236	32 021	17 450	23 501	-27%	35%
Enviromental Proctection	–	–	–	–	0%	0%
Total Revenue (excluding capital transfers and contributions)	20 751 894	23 352 487	23 509 204	22 708 268		

APPENDIX K: DECLARATION OF LOANS AND GRANTS BY MUNICIPALITY

Declaration of Loans and Grants made by the municipality 2012/13				APPENDIX K
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value 2012/13 R' 000	Total Amount committed over previous and future years
African Renaissance	Grant given for Africa Day Expenditure	NIL	424,279	NIL
Food Aid Program	Provision of Soup kitchens (18 Sites) and poverty alleviation	NIL	10,738,550.49	NIL
Foundation For Social In	Greater Durban Community poverty alleviation by focusing on cleaning, greening and food security	NIL	530,000	NIL
Grant in aid	To provide support to non-profit organisations and bodies thereby enabling them to undertake actions and services to improve the standard of living of the communities, resulting in an improvement in the quality of life for those communities.	NIL	2,214,385.97	NIL
Grant in Aid – General	Bat Centre Trust, Catalina Theatre, Westville Old boys Club and Umkomaas Golf Course	Annual grant per MOA	4,950,392.3	6,073,521.59
KZN Hockey – Interest	Book Entry of interest and redemption for KZN hockey iro Loan Account 030 9032 5179	To develop sport in community	255,843.84	166,193.32
GIA Sporting Bodies	Book Entry of interest and redemption for KZN cricket iro Loan Account 030 9013 1158	To develop sport in community	529,379.01	648,810.3
Grant In aid Twilaga Ol	Community based old age home	Pay all utilities	821,913.37	1,159,682

Natal Philharmonic Orchestra	A cultural heritage institution established in terms of the cultural institutions Act to promote various cultural heritage projects	Grant specifically and exclusively afforded for arts development	7,373,160	14,837,550
Natal Society Of Arts	Community based non-profit Art gallery	Pay only rent	100,560	293,210
Playhouse Company	An exclusively classical music institution established in terms of the cultural institutions Act to promote classical music by staging various projects	Grant specifically and exclusively afforded for arts development	3,587,400	6,889,592
Point Precinct Trust	Annual Grant for the provision of appropriate levels of Management/services within the Point Precinct	Annual Grant as per deed of Grant	1,893,500	NIL
Poverty Alleviation	Cooperatives are employed to cut grass, bush clearing, maintenance work at depots and also alien plant removals	NIL	4,189,930.56	NIL
SAAMBR – Subsidy	To manage the day to day operations of the Marine Park component of Ushaka Marine World including marine research and education	Annual Grant as per MOA.	50,253,420	NIL
Sporting Bodies - Gen Rate	book entry of Rates For various sporting bodies	To develop sport in community	45,716,759.48	87,405,140
Stable Theatre	A cultural heritage institution and community Art centre	pay only rent	420,600	878,040
Subsidy Enhanced Extended	Capital Discounts for loan Debtors - balance owing written off.	NIL	5,471,171.47	NIL

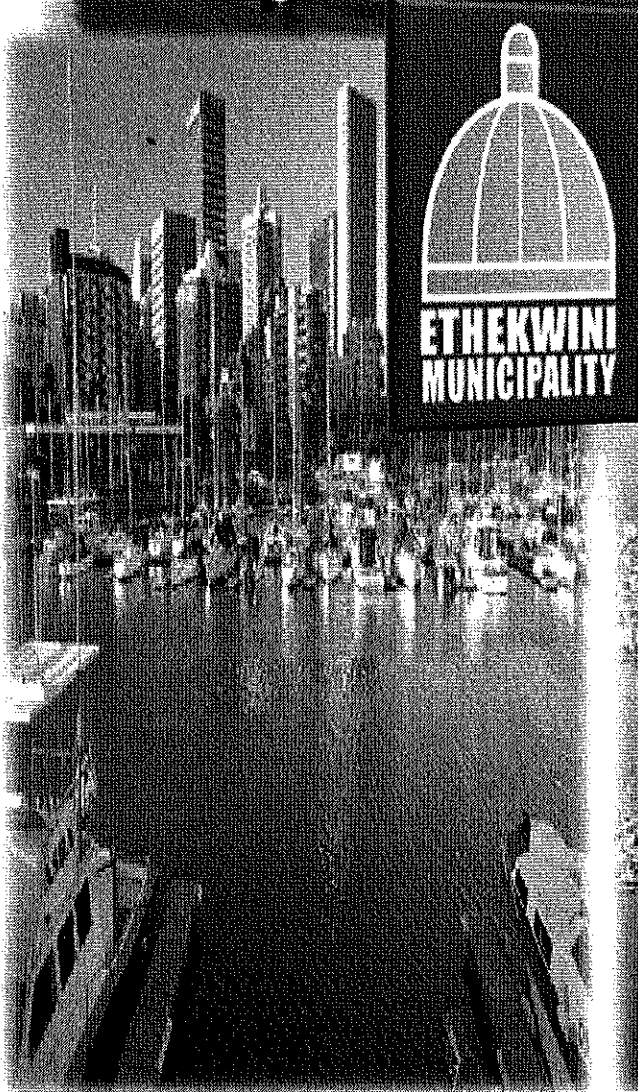
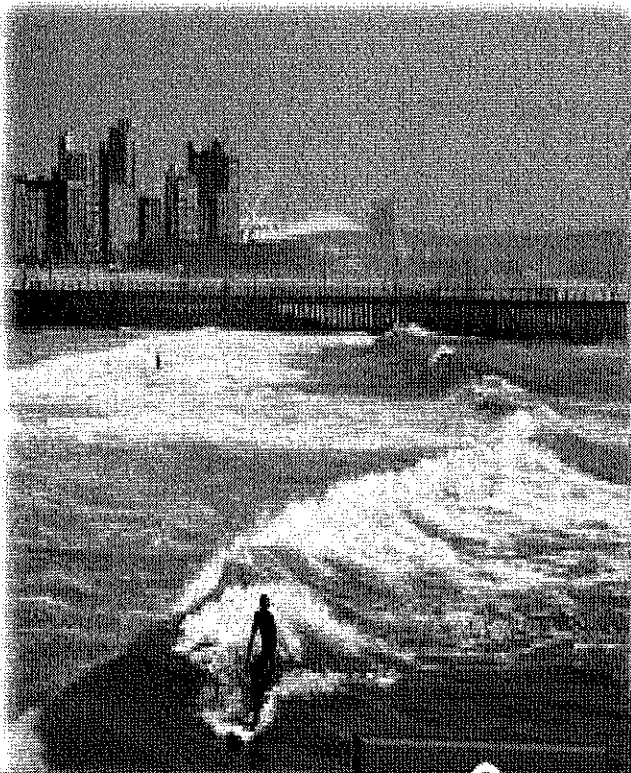
Sundry Ad hoc grants	Annual Grant - Grants to non - profit organisations to host and hold events and projects that have specific dates during the year	NIL	135,000	NIL
Tourism Indaba	To promote Tourism in eThekweni	As per agreement with SA Tourism	15,538,620.05	NIL
Trade Point : Durban	Annual Grant To encourage, attract and assist SMME's to develop their international capability and efficiency whereby they can achieve success and recognition as Local Traders and Exporters to a variety of international markets.	Annual Grant as per MOA.	1,206,358	NIL
Contribution – ICC			1,968,362.07	
Metro - Sundry Grants	M41 Interchange - Construction of new major road infrastructure to improve the current and future traffic conditions in and around Umhlanga Ridge area as it will facilitate additional accessibility and linkage.	The Municipality was to contribute 20% of total cost of construction including design, professional fees, escalations and approved variation orders inclusive of VAT in the construction of the M41 Interchange	16,322,113.51	R 4 617 318.07 in previous years
SDY Sporting Bodies	Book Entry of interest and redemption for Chiltern Park Sports Club iron Loan Account 030 9032 7199	To develop sport in community	20,087.81	NIL
Internal Charges			-670,332	
Total			173,991,454.88	
* Loans/Grants - whether in cash or in kind				T R

APPENDIX L: MUNICIPAL/ENTITY FUNCTIONS

Municipal/Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes/No)*	Function Applicable to Entity (Yes/No)
Constitution Schedule 4, Part B functions:		
Air pollution	Yes	No
Building regulations	Yes	No
Child care facilities	No	No
Electricity and gas reticulation	Yes	No
Fire fighting services	Yes	No
Local tourism	Yes	Yes Ushaka/ICC
Municipal airports	Yes	No
Municipal planning	Yes	No
Municipal health services	Yes	No
Municipal public transport	Yes	No
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	No (Except Extended Public Works Programme)	No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No (Except piers)	No
Stormwater management systems in built-up areas	Yes	No
Trading regulations	Yes	No
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes	No

Volume Two

EThekweni Municipality and its Municipal Entities Consolidated Annual Financial Statements 2012/2013



**eThekwini Municipality and
its Municipal Entities
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE
2013**



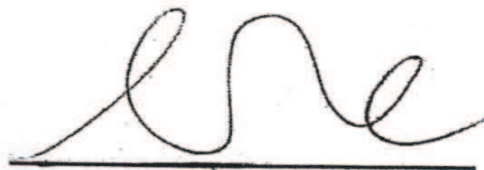
eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2013

Municipal Manager

I am responsible for the preparation of these annual financial statements, which are set out on pages 3 to 101, in terms of Section 126(1) of the Municipal Finance Management Act, Act 56 of 2003 and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 30 of these consolidated annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

A handwritten signature in black ink, consisting of a series of loops and curves, positioned above a horizontal line.

Municipal Manager

Durban

17 December 2013

eThekwini Municipality and its Municipal Entities

Financial Statements for the year ended 30 June 2013

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The reports and statements set out below comprise the financial statements presented to the Councillors.:

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Financial Statements for the year ended 30 June 2013

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ABBREVIATIONS

COID	Compensation for Occupational Injuries and Diseases
VAT	Value Added Taxation
DBSA	Development Bank of South Africa
GAAP	Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
PPE	Property, Plant and Equipment
HDF	Housing Development Fund
INK	Inanda, Ntuzuma, Kwa Mashu
IMFO	Institute of Municipal Finance Officers
DMOSS	Durban Metropolitan Open Space System
ME's	Municipal Entities
SALGA	South African Local Government Authority
MFMA	Municipal Finance Management Act
GEPF	Government Employees Pension Fund
NJMP	Natal Joint Municipal Pension
DOHS	Department of Human Settlement
SALA	South African Local Authority Pension Fund

eThekweni Municipality and its Municipal Entities

Financial Statements for the year ended 30 June 2013

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

Figures in Rand thousand	Note(s)	Group		Municipality	
		2013	2012	2013	2012
ASSETS					
Current Assets					
Inventories	2	284,016	283,317	233,332	235,411
Investments	3	4,350,000	3,500,000	4,350,000	3,500,000
Receivables from exchange transactions	4	2,573,433	2,698,097	2,558,846	2,684,957
VAT receivable	5	32,725	27,542	33,308	26,953
Consumer debtors	6	3,028,953	2,564,131	3,032,372	2,562,414
Current portion of Long-term Receivables	7	73,183	13,207	73,183	13,207
Call investment deposits	8	547,900	1,374,465	375,000	1,230,000
Cash and cash equivalents	9	1,066,519	783,420	979,463	703,598
		11,956,729	11,244,179	11,635,504	10,956,540
Non-Current Assets					
Investment property	10	328,527	333,376	258,039	260,100
Property, plant and equipment	11	35,630,832	33,837,320	34,576,985	32,747,817
Intangible assets	12	690,507	662,070	688,861	660,363
Heritage assets	13	9,658	9,501	9,658	9,501
Investments in Municipal entities	14	-	-	526,324	644,013
Investment in Joint Ventures	15	-	-	81,596	80,365
Loan to Municipal Entity	16	-	-	72,049	-
Investments	3	500,000	-	500,000	-
Deferred Revenue		4,899	5,977	-	-
Long-term Receivables	7	147,742	288,004	147,742	288,004
		37,312,165	35,136,248	36,861,254	34,690,163
Total Assets		49,268,894	46,380,427	48,496,758	45,646,703
LIABILITIES					
Current Liabilities					
External borrowings	17	957,999	773,025	957,240	772,327
Payables from exchange transactions	18	4,722,044	4,686,564	4,728,581	4,691,462
Consumer deposits	19	1,211,766	1,081,004	1,191,422	1,064,895
Retirement benefit obligation	20	259,944	259,181	259,944	259,181
Unspent conditional grants and receipts	21	1,039,838	587,654	1,039,838	587,654
Provisions	22	47,901	38,801	43,410	34,919
Bank overdraft	9	904,710	632,402	904,710	632,402
		9,144,202	8,058,631	9,125,145	8,042,840
Non-Current Liabilities					
External borrowings	17	9,044,012	10,013,000	8,929,548	9,906,679
Retirement benefit obligation	20	2,628,325	2,664,486	2,628,325	2,664,486
Provisions	22	366,371	288,260	366,371	288,260
		12,038,708	12,965,746	11,924,244	12,859,425
Total Liabilities		21,182,910	21,024,377	21,049,389	20,902,265
Net Assets		28,085,984	25,356,050	27,447,369	24,744,438
Housing development fund	23	260,454	260,454	260,454	260,454
Accumulated surplus		27,825,530	25,095,596	27,186,915	24,483,984
Total Net Assets		28,085,984	25,356,050	27,447,369	24,744,438

eThekweni Municipality and its Municipal Entities

Financial Statements for the year ended 30 June 2013

STATEMENT OF FINANCIAL PERFORMANCE

		Group		Municipality	
Figures in Rand thousand	Note(s)	2013	2012	2013	2012
Revenue					
Revenue from exchange transactions					
Service charges	24	12,467,301	11,394,609	12,499,079	11,428,037
Rental of facilities and equipment		503,149	494,954	417,582	406,218
Licences and permits		42,836	40,087	42,836	40,087
Donations - PPE		2,641	1,759	2,641	1,759
Reversal of loss on Impairment		2,649	-	2,364	-
Other income	25	2,248,620	2,158,421	2,046,880	1,939,397
Interest received	26	454,586	324,218	442,084	313,605
Gains on disposal of assets		19,656	65,241	19,619	65,232
Fair value adjustments		12,367	667	12,367	667
Total revenue from exchange transactions		15,753,805	14,479,956	15,485,452	14,195,002
Revenue from non-exchange transactions					
Taxation revenue					
Fines		110,926	129,165	110,926	129,165
Property rates	27	4,963,652	4,332,441	4,967,942	4,350,799
Property rates - penalties imposed		69,002	111,867	69,002	111,867
Transfer revenue					
Government grants & subsidies	28	3,657,750	3,409,741	3,657,750	3,409,741
Public contributions and donations		47,816	16,369	45,329	13,830
Total revenue from non-exchange transactions		8,849,146	7,999,583	8,850,949	8,015,402
Total revenue		24,602,951	22,479,539	24,336,401	22,210,404
Expenditure					
Employee Related costs	29	(5,993,075)	(6,576,031)	(5,883,084)	(6,475,740)
Remuneration of councillors	30	(88,538)	(84,751)	(88,538)	(84,751)
Intangible assets - Amortisation	12	(42,798)	(42,582)	(42,031)	(41,830)
Loss on Impairment of Investment in Municipal Entity		-	-	(117,689)	(35,557)
Depreciation - Property, Plant and Equipment	11	(1,595,412)	(1,537,345)	(1,534,796)	(1,474,961)
Impairment Loss - Property, Plant and Equipment	11	(20,734)	(12,040)	(20,648)	(12,040)
Finance costs	31	(938,438)	(872,091)	(931,766)	(866,281)
Debt impairment		(886,640)	(394,630)	(814,513)	(393,592)
Depreciation - Investment Properties	10	(4,517)	(4,579)	(1,756)	(1,809)
Repairs and maintenance		(1,780,111)	(1,821,565)	(1,768,032)	(1,804,936)
Bulk purchases	32	(7,557,474)	(6,666,970)	(7,557,474)	(6,666,970)
Contracted services		(1,117,483)	(1,051,833)	(1,104,300)	(1,037,648)
Grants and subsidies paid	33	(171,261)	(126,094)	(173,991)	(141,694)
Housing - Development expenditure		(391)	(65,668)	(391)	(65,668)
Loss on disposal of assets		(2,431)	(7,314)	(1,685)	(6,495)
Fair value adjustments	34	(1,098)	(6,410)	(1,098)	(6,410)
General Expenses	35	(1,672,616)	(1,449,746)	(1,592,909)	(1,378,987)
Total expenditure		(21,873,017)	(20,719,649)	(21,634,701)	(20,495,369)
Operating surplus		2,729,934	1,759,890	2,701,700	1,715,035
Share of Income from Joint Venture		-	-	1,231	9,755
Surplus for the year		2,729,934	1,759,890	2,702,931	1,724,790

eThekweni Municipality and its Municipal Entities

Financial Statements for the year ended 30 June 2013

STATEMENT OF CHANGES IN NET ASSETS

	Housing development fund	Accumulated surplus	Total net assets
Figures in Rand thousand			
Group			
Opening balance as previously reported	278,807	23,458,841	23,737,648
Adjustments			
Prior year adjustments (prior to 2011/12)	-	(141,486)	(141,486)
Balance at 01 July 2011 as restated	278,807	23,317,355	23,596,162
Changes in net assets			
Surplus for the year as previously reported	-	1,786,090	1,786,090
Transfer to Housing Development Fund	(18,353)	18,353	-
Total changes	(18,353)	1,804,443	1,786,090
Opening balance as previously reported	260,454	25,121,798	25,382,252
Adjustments			
Prior year adjustments (2011/12)	-	(26,202)	(26,202)
Balance at 01 July 2012 as restated	260,454	25,095,596	25,356,050
Changes in net assets			
Surplus for the year	-	2,729,934	2,729,934
Total changes	-	2,729,934	2,729,934
Balance at 30 June 2013	260,454	27,825,530	28,085,984
Municipality			
Opening balance as previously reported	278,807	22,888,138	23,166,945
Adjustments			
Prior year adjustments (prior to 2011/12)	-	(147,297)	(147,297)
Balance at 01 July 2011 as restated	278,807	22,740,841	23,019,648
Changes in net assets			
Surplus for the year as previously reported	-	1,751,064	1,751,064
Transfer to Housing Development Fund	(18,353)	18,353	-
Total changes	(18,353)	1,769,417	1,751,064
Opening balance as previously reported	260,454	24,510,258	24,770,712
Adjustments			
Prior year adjustments (2011/12)	-	(26,274)	(26,274)
Balance at 01 July 2012 as restated	260,454	24,483,984	24,744,438
Changes in net assets			
Surplus for the year	-	2,702,931	2,702,931
Total changes	-	2,702,931	2,702,931
Balance at 30 June 2013	260,454	27,186,915	27,447,369

eThekweni Municipality and its Municipal Entities

Financial Statements for the year ended 30 June 2013

CASH FLOW STATEMENT

Figures in Rand thousand	Note(s)	Group		Municipality	
		2013	2012	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts					
Ratepayers, Government and other		23,588,848	21,472,978	23,327,273	21,214,585
Interest income		454,586	324,218	442,084	313,605
		24,043,434	21,797,196	23,769,357	21,528,190
Payments					
Employee costs and suppliers		(18,299,558)	(16,315,424)	(18,085,767)	(16,132,894)
Finance costs		(938,438)	(872,091)	(931,766)	(866,281)
		(19,237,996)	(17,187,515)	(19,017,533)	(16,999,175)
Net cash flows from operating activities	36	4,805,438	4,609,681	4,751,824	4,529,015
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	11	(3,420,325)	(3,435,527)	(3,394,845)	(3,403,833)
Proceeds from sale of property, plant and equipment	11	33,169	70,006	33,160	69,934
Proceeds from sale of investment property	10	332	3,057	305	1,172
Purchase of other intangible assets	12	(71,840)	(57,590)	(71,134)	(57,076)
Proceeds from sale of other intangible assets	12	609	-	609	-
Purchases of heritage assets	13	(149)	(2,065)	(149)	(2,065)
(Increase) / decrease in non-current receivables		(28,995)	(12,179)	(28,995)	(12,179)
Net cash flows from investing activities		(3,487,199)	(3,434,298)	(3,461,049)	(3,404,047)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from external borrowings		8,205	1,007,524	-	1,000,000
Repayment of external borrowings		(792,218)	(431,450)	(792,218)	(431,450)
Net cash flows from financing activities		(784,013)	576,074	(792,218)	568,550
Net increase/(decrease) in cash and cash equivalents		534,226	1,751,457	498,557	1,693,518
Cash and cash equivalents at the beginning of the year		5,025,483	3,274,026	4,801,196	3,107,678
Cash and cash equivalents at the end of the year	9	5,559,709	5,025,483	5,299,753	4,801,196

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Figures in Rand thousand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Group - 2013											
Financial Performance											
Property rates	4,844,103	-	4,844,103	-		4,844,103	4,963,652		119,549	102 %	102 %
Service charges	13,513,490	796	13,514,286	-		13,514,286	12,467,301		(1,046,985)	92 %	92 %
Investment revenue	239,754	4,953	244,707	-		244,707	454,586		209,879	186 %	190 %
Transfers recognised - operational	2,126,964	65,710	2,192,674	-		2,192,674	2,026,005		(166,669)	92 %	95 %
Other own revenue	2,937,906	75,740	3,013,646	-		3,013,646	3,059,662		46,016	102 %	104 %
Total revenue (excluding capital transfers and contributions)	23,662,217	147,199	23,809,416	-		23,809,416	22,971,206		(838,210)	96 %	97 %
Employee costs	(6,104,168)	(40,865)	(6,145,033)	-	-	(6,145,033)	(5,993,075)	-	151,958	98 %	98 %
Remuneration of councillors	(83,766)	(4,915)	(88,681)	-	-	(88,681)	(88,538)	-	143	100 %	106 %
Debt impairment	(550,000)	74,559	(475,441)			(475,441)	(886,640)	-	(411,199)	186 %	161 %
Depreciation and asset impairment	(1,849,181)	37,676	(1,811,505)			(1,811,505)	(1,642,727)	-	168,778	91 %	89 %
Finance charges	(1,247,576)	23,267	(1,224,309)	-	-	(1,224,309)	(938,438)	-	285,871	77 %	75 %
Materials and bulk purchases	(7,858,874)	(26,480)	(7,885,354)	-	-	(7,885,354)	(7,557,474)	-	327,880	96 %	96 %
Transfers and grants	(174,319)	(104,984)	(279,303)	-	-	(279,303)	(171,261)	-	108,042	61 %	98 %
Other expenditure	(5,883,395)	(226,689)	(6,110,084)	-	-	(6,110,084)	(4,594,864)	-	1,515,220	75 %	78 %
Total expenditure	(23,751,279)	(268,431)	(24,019,710)	-	-	(24,019,710)	(21,873,017)	-	2,146,693	91 %	92 %
Surplus/(Deficit)	(89,062)	(121,232)	(210,294)	-		(210,294)	1,098,189		1,308,483	(522)%	(522)%

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	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	2,831,077	(1,195,061)	1,636,016	-		1,636,016	1,631,745		(4,271)	100 %	58 %
Surplus (Deficit) after capital transfers and contributions	2,742,015	(1,316,293)	1,425,722	-		1,425,722	2,729,934		1,304,212	191 %	100 %
Surplus/(Deficit) for the year	2,742,015	(1,316,293)	1,425,722	-		1,425,722	2,729,934		1,304,212	191 %	100 %
Capital expenditure and funds sources											
Total capital expenditure	5,308,715	(977,563)	4,331,152	-		4,331,152	3,494,716		(836,436)	81 %	66 %
Sources of capital funds											
Transfers recognised - capital	2,831,077	(1,195,061)	1,636,016	-		1,636,016	1,631,745		(4,271)	100 %	58 %
Public contributions and donations	55,000	-	55,000	-		55,000	-		(55,000)	- %	- %
Borrowing	1,500,000	(750,000)	750,000	-		750,000	-		(750,000)	- %	- %
Internally generated funds	922,638	967,498	1,890,136	-		1,890,136	1,862,971		(27,165)	99 %	202 %
Total sources of capital funds	5,308,715	(977,563)	4,331,152	-		4,331,152	3,494,716		(836,436)	81 %	66 %

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	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Cash flows											
Net cash from (used) operating	4,940,054	(892,629)	4,047,425	-		4,047,425	4,807,144		759,719	119 %	97 %
Net cash from (used) investing	(5,320,148)	993,097	(4,327,051)	-		(4,327,051)	(3,488,904)		838,147	81 %	66 %
Net cash from (used) financing	704,476	(750,000)	(45,524)	-		(45,524)	(784,014)		(738,490)	1,722 %	(111)%
Net increase/(decrease) in cash and cash equivalents	324,382	(649,532)	(325,150)	-		(325,150)	534,226		859,376	(164)%	165 %
Cash and cash equivalents at the beginning of the year	-	-	-	-		-	5,025,483		5,025,483	DIV/0 %	DIV/0 %
Cash and cash equivalents at year end	4,051,298	(649,532)	3,401,766	-		3,401,766	5,559,709		350,801	163 %	137 %

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	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Municipality - 2013											
Financial Performance											
Property rates	4,844,103	-	4,844,103	-		4,844,103	4,967,942		123,839	103 %	103 %
Service charges	13,513,490	796	13,514,286	-		13,514,286	12,499,079		(1,015,207)	92 %	92 %
Investment revenue	234,754	4,000	238,754	-		238,754	442,084		203,330	185 %	188 %
Transfers recognised - operational	2,126,964	65,710	2,192,674	-		2,192,674	2,026,005		(166,669)	92 %	95 %
Other own revenue	2,633,176	86,211	2,719,387	-		2,719,387	2,769,603		50,216	102 %	105 %
Total revenue (excluding capital transfers and contributions)	23,352,487	156,717	23,509,204	-		23,509,204	22,704,713		(804,491)	97 %	97 %
Employee costs	(5,997,367)	(41,053)	(6,038,420)	-	-	(6,038,420)	(5,883,084)	-	155,336	97 %	98 %
Remuneration of councillors	(83,766)	(4,866)	(88,632)	-	-	(88,632)	(88,538)	-	94	100 %	106 %
Debt impairment	(550,000)	74,559	(475,441)			(475,441)	(814,513)	-	(339,072)	171 %	148 %
Depreciation and asset impairment	(1,777,563)	37,676	(1,739,887)			(1,739,887)	(1,666,244)	-	73,643	96 %	94 %
Finance charges	(1,239,138)	23,940	(1,215,198)	-	-	(1,215,198)	(931,766)	-	283,432	77 %	75 %
Materials and bulk purchases	(7,858,874)	(26,480)	(7,885,354)	-	-	(7,885,354)	(7,557,474)	-	327,880	96 %	96 %
Transfers and grants	(184,819)	(94,546)	(279,365)	-	-	(279,365)	(173,991)	-	105,374	62 %	94 %
Other expenditure	(5,672,849)	(194,244)	(5,867,093)	-	-	(5,867,093)	(4,515,753)	-	1,351,340	77 %	80 %
Total expenditure	(23,364,376)	(225,014)	(23,589,390)	-	-	(23,589,390)	(21,631,363)	-	1,958,027	92 %	93 %
Surplus/(Deficit)	(11,889)	(68,297)	(80,186)	-		(80,186)	1,073,350		1,153,536	(1,339)%	(9,028)%

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	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	2,831,077	(1,195,061)	1,636,016	-		1,636,016	1,631,745		(4,271)	100 %	58 %
Surplus (Deficit) after capital transfers and contributions	2,819,188	(1,263,358)	1,555,830	-		1,555,830	2,705,095		1,149,265	174 %	96 %
Share of surplus (deficit) of associate	-	-	-	-		-	(1,231)		(1,231)	DIV/0 %	DIV/0 %
Surplus/(Deficit) for the year	2,819,188	(1,263,358)	1,555,830	-		1,555,830	2,706,326		1,150,496	174 %	96 %

Capital expenditure and funds sources

Total capital expenditure	5,285,263	(985,229)	4,300,034	-		4,300,034	3,507,658		(792,376)	82 %	66 %
Sources of capital funds											
Transfers recognised - capital	2,831,077	(1,195,061)	1,636,016	-		1,636,016	1,857,429		221,413	114 %	66 %
Public contributions and donations	55,000	-	55,000	-		55,000	-		(55,000)	- %	- %
Borrowing	1,500,000	(750,000)	750,000	-		750,000	-		(750,000)	- %	- %
Internally generated funds	899,186	959,832	1,859,018	-		1,859,018	1,650,229		(208,789)	89 %	184 %
Total sources of capital funds	5,285,263	(985,229)	4,300,034	-		4,300,034	3,507,658		(792,376)	82 %	66 %

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	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Cash flows											
Net cash from (used) operating	4,966,211	(834,863)	4,131,348	-		4,131,348	4,643,641		512,293	112 %	94 %
Net cash from (used) investing	(5,296,696)	1,000,763	(4,295,933)	-		(4,295,933)	(3,352,866)		943,067	78 %	63 %
Net cash from (used) financing	705,481	(750,000)	(44,519)	-		(44,519)	(792,218)		(747,699)	1,780 %	(112)%
Net increase/(decrease) in cash and cash equivalents	374,996	(584,100)	(209,104)	-		(209,104)	498,557		707,661	(238)%	133 %
Cash and cash equivalents at the beginning of the year	3,697,411	-	3,697,411	-		3,697,411	4,801,196		1,103,785	130 %	130 %
Cash and cash equivalents at year end	4,072,407	(584,100)	3,488,307	-		3,488,307	5,299,753		(1,811,446)	152 %	130 %

Refer to note 51 for details.

eThekweni Municipality and its Municipal Entities

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ACCOUNTING POLICIES

1. Basis of Preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

Entities are required to apply the Standards of GRAP where the Minister has determined the effective date. The Minister has determined the effective date for the following Standards of GRAP:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Investment in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date GRAP
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of Non-cash-generating Assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 26	Impairment of Cash-generating Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

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ACCOUNTING POLICIES

Directives issued and effective:

Directive 1: Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP

Directive 2: Transitional Provisions for the Adoption of Standards of GRAP by Public Entities, Municipal Entities and Constitutional Institutions.

Directive 3: Transitional Provisions for the Adoption of Standards of GRAP by High Capacity Municipalities.

Directive 5: Determining the GRAP reporting framework.

Directive 7: The Application of Deemed Cost on the Adoption of Standards of GRAP

Interpretations of the Standards of GRAP

IGRAP 1 Applying the Probability Test on Initial Recognition of Exchange Revenue

IGRAP 2 Changes in Existing Decommissioning, Restoration and Similar Liabilities

IGRAP 3 Determining whether an Arrangement contains a Lease

IGRAP 4 Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

IGRAP 5 Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies

IGRAP 6 Loyalty Programmes

IGRAP 7 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IGRAP 8 Agreements for the Construction of Assets from Exchange Transactions

IGRAP 9 Distributions of Non-cash Assets to Owners

IGRAP 10 Assets Received from Customers

IGRAP 13 Operating Leases – Incentives

IGRAP 14 Evaluating the Substance of Transactions Involving the Legal Form of a Lease

IGRAP 15 Revenue – Barter Transactions Involving Advertising Services

Approved guidelines of Standards of GRAP:

Guide 1 Guideline on Accounting for Public Private Partnerships

Effective IFRS's and IFRIC's that are applied considering the provisions in paragraphs .20 to .26 of the Directive:

IFRS 4 (AC 141) Insurance Contracts

IFRS 6 (AC 143) Exploration for and Evaluation of Mineral Resources

IAS 12 (AC 102) Income Taxes

SIC - 25 (AC 425) Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

SIC - 29 (AC 429) Service Concession Arrangements - Disclosures

IFRIC 12 (AC 445) Service Concession Arrangements

Standards of GRAP approved but, for which the Minister of Finance has not yet determined an effective date, (Unless otherwise stated) that have been early adopted by the Municipality:

GRAP 25 Employee Benefits (effective date: 1 April 2013)

Standards of GRAP that an entity may use to disclose information in its financial statements:

GRAP 20 Related Party Disclosures

Approved Standards of GRAP that entities are not required applying:

GRAP 18 Segment Reporting

A summary of the significant accounting policies is disclosed below.

These accounting policies are consistent with the previous year, unless otherwise stated.

eThekweni Municipality and its Municipal Entities

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ACCOUNTING POLICIES

1.1 Consolidation

Basis of consolidation

Consolidated financial statements are the financial statements of the group presented as those of a single entity.

The consolidated annual financial statements incorporate the financial statements of the Municipality and Municipal Entities controlled by the Municipality, joint venture and the Transport Authority.

On acquisition, the assets and liabilities of any entity are measured at their fair values at the date of acquisition. The interests of outside shareholders are stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The results of entities acquired or disposed during the year are included in the Consolidated Statement of Financial Performance from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the annual financial statements of Municipal Entities to bring the accounting policies used into those used by the Municipality and other entities included in the Group.

All significant transactions and balances between members of the Group are eliminated on consolidation.

1.2 Presentation of currency

These annual financial statements are presented in South African Rand, which is the functional currency of the Municipality and its entities.

1.3 Going concern assumption

These annual financial statements have been prepared on a going concern basis.

1.4 Standards, amendments to standards and interpretations issued but not yet effective

GRAP 18: Segment Reporting – issued March 2005:

Compliance with this standard would have had an effect on the presentation only. Financial information would have been reported by segments. The disclosure of this information will assist users of the financial statements to better understand the entity's past performance and to identify the resources allocated to support the major activities of the entity.

GRAP 20: Related Party Disclosures-issued June 2011:

Compliance with this standard would have had an effect on the presentation only. Related party transactions have been disclosed in accordance with IPSAS 20.

GRAP 105: Transfer of functions between entities under common control - issued November 2010:

Compliance with this standard will not have an impact on the current financial information as no transactions relating to the transfer of functions between entities under common control exists in the current year.

GRAP 106: Transfer of functions between entities not under common control - issued November 2010:

Compliance with this standard will not have an impact on the current financial information as no transactions relating to the transfer of functions between entities not under common control exists in the current year.

GRAP 107: Mergers - issued November 2010:

Compliance with this standard will not have an impact on the current financial information as no transactions relating to mergers exists in the current year.

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ACCOUNTING POLICIES

1.5 Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.6 Investment property

Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Derecognition and Impairment

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal. Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognised in the Statement of Financial Performance in the period of the retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up shall be recognised in the Statement of Financial Performance when the compensation becomes receivable.

The Municipality tests for impairment where there is an indication that a property may be impaired. An assessment of whether there is an indication of possible impairment is done during each reporting period. Where the carrying amount of an item of an investment property is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Subsequent Measurement

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses. Transfers to or from investment property are made only when there is a change in use.

Depreciation

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Item	Useful life
Property – land	indefinite
Property – buildings	10 - 80 years.

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ACCOUNTING POLICIES

1.7 Property, plant and equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, to meet service delivery objectives, for rental to others, or for administrative purposes, and are expected to be used during more than one reporting period

Initial Recognition

Property, plant and equipment are stated at cost. Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Subsequent Measurement

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Depreciation and Impairment

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. Depreciation is calculated as soon as the asset becomes available for its intended use.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The annual depreciation rates are based on the following estimated asset lives:

Details	Years
Infrastructure	
• Rivers and Coastal Engineering	20-80 years
• Roads and Motorways	20 - 80 years
• Economic Development	20 years
• Traffic Equipment	10 - 80 years
• Storm water Drainage	20 - 80 years
• Airport Infrastructure	15 - 80 years
• Solid Waste	3 - 30 years
• Water and Sanitation	20 - 80 years
• Major Substations: Buildings	30 - 50 years
• Transformers and Related Equipment	30 - 45 years
• Mains	30 - 55 years
• Street Lighting	20 - 30 years
• Conventional and Prepaid Metering	15 - 25 years
Community	
• Buildings	20-80 years
• Recreational Facilities	10-80 Years

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ACCOUNTING POLICIES

1.7 Property, plant and equipment (continued)

Other property, plant and equipment

• Buildings	20 - 80 years
• Markets and Informal Markets	15 - 30 years
• Fire Engines	20 years
• Landfill Sites	3 - 30 years
• Car Parks	15 years
• Fencing	20 years
• Lifts	20 years
• Building Improvements	10 years
• Heavy and Mobile Plant	7 - 10 years
• Furniture and fittings	2 - 20 years
• Vehicles	3 - 11 years
• Bins and containers	5 years
• Plant – General	5 years
• Security Systems	5 - 15 years
• Office equipment	5 - 7 years
• Air-conditioning	5 - 15 years
• Public Address Systems	15 years
• Turnstiles	15 years
• Electrical	20 years
• Mechanical	20 years
• Hostels	20 - 80 years
• Library Books	5 - 10 years
• Other items of Plant and Equipment	3 - 5 years
• Biological Assets	50 - 80 years

The remaining useful life of an asset and the depreciation method is reviewed annually and any changes are recognized as a change in accounting estimate in the Statement of Financial Performance.

The Municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting period.

All assets are considered to have a nil residual value.

Derecognition

Items of Property, Plant and Equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

The Municipality has an obligation to rehabilitate its landfill sites in terms of its licence stipulations. Provision is made for this obligation in accordance with the Municipality's accounting policy on non-current provisions – see Accounting Policy 1.17 on Provisions.

1.8 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

eThekweni Municipality and its Municipal Entities

Financial Statements for the year ended 30 June 2013

ACCOUNTING POLICIES

1.8 Intangible assets (continued)

Initial Recognition.

Intangible assets are initially recognised at cost and comprise of software and servitudes.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale.
- It is technically feasible to complete the intangible asset.
- the municipality has the resources to complete the project.
- It is probable that the municipality will receive future economic benefits or service potential.
- Its ability to use or sell the intangible asset.
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Computer software is capitalised to computer equipment where it forms an integral part of computer equipment.

Servitudes are classified as intangible assets. Servitudes are rights that are not amortised as they have an indefinite useful life.

Subsequent Measurement

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test. Expenditure on an intangible asset is recognised as an expense when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria. Residual value of intangible assets is estimated to be nil.

Amortisation and Impairment

Intangible assets are amortised on a straight line method over their estimated useful lives, as follows:

Details	Years
Computer software	2-20 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance. The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Derecognition:

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the net proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.9 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

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Financial Statements for the year ended 30 June 2013

ACCOUNTING POLICIES

1.9 Heritage assets (continued)

Initial Recognition

A heritage asset that qualifies for recognition as an asset is measured at its cost and any costs directly attributable to bringing the heritage asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where a heritage asset is acquired through a non-exchange transaction, its deemed cost is to be measured at its fair values as at the date of acquisition. If at Initial recognition, the Municipality cannot reliably measure its cost, the relevant and useful information about the heritage asset is disclosed in the notes to the financial statements.

Subsequent measurement

Subsequent to initial recognition, heritage assets are measured at cost less accumulated impairment losses ie cost model.

Depreciation and Impairment

Heritage assets are not depreciated but assessed at each reporting date whether there is an indication that it may be impaired.

Derecognition

Heritage assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use or disposal of the asset. The gain or loss arising on the disposal or retirement of a heritage asset is recognised in the Statement of financial Performance.

1.10 Impairment of non-cash-generating assets

Non-cash-generating assets are those assets held by the municipality without an intention of generating a commercial return and held primarily for service delivery purposes. The Municipality classifies all assets held with the primary objective of generating a commercial return as cash generating assets.

The municipality will apply its judgment and disclose the criteria used in making such judgment in cases where it's not clear whether the primary objective is to generate a commercial return. The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality determines the recoverable service amount of the asset. The recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

If the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired and is recognised immediately in the Statement of Financial Performance.

An impairment loss is when the asset's carrying amount exceeds its recoverable service amount and is recognised in the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance. The increase in the carrying amount of an asset due to the reversal of an impairment loss should not exceed what the carrying amount would have been if no impairment loss had been recognised.

Intangible assets with indefinite useful lives and not yet available for use, are tested for impairment annually, irrespective of whether any indication of impairment exists.

eThekweni Municipality and its Municipal Entities

Financial Statements for the year ended 30 June 2013

ACCOUNTING POLICIES

1.11 Impairment of cash-generating assets

The Municipality classifies all assets held with the primary objective of generating a commercial return as cash generating assets.

The municipality assesses at each reporting date, or more frequently where events or changes in circumstances indicate that an asset may be impaired. When such an indication exists, the municipality determines the recoverable amount of the asset.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. A cash generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return.

Impairment loss of a cash-generating unit is allocated to decrease the carrying amount of the assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. After allocating the impairment loss, the carrying amount should be the highest of, its fair value less cost to sell; or value in use; or zero.

Reversal of an impairment loss for a group of assets / cash-generating unit should be allocated to the cash-generating assets of the unit, pro rata with the carrying amount of those assets.

If the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired and is recognised immediately in the Statement of Financial Performance.

eThekweni Municipality and its Municipal Entities

Financial Statements for the year ended 30 June 2013

ACCOUNTING POLICIES

1.12 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Initial recognition

Financial instruments are initially recognised at fair value. In the case of a financial instrument not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial instrument are added to the fair value.

Financial Instruments are categorised according to their nature as either financial instruments at fair value, held at amortised cost, or held at cost. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Subsequent measurement of financial assets and financial liabilities

Loans to (from) municipal entities

These include loans to municipal entities and recognised at fair value plus any transaction costs and subsequently measured at cost.

An impairment loss is recognised in the Statement of Financial Performance when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Debtors

Debtors are initially recognised at fair value plus any transaction costs and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of debtors is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of the debtors. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Impairment losses are recognised in the Statement of Financial Performance.

An estimate is made for doubtful debts based on the categorisation of debts and a review of past trends in collection rates applied to all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified in the Statement of Financial Performance.

Creditors

Trade payables are initially measured at fair value plus any transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

These are initially and subsequently recorded at fair value.

For cash flow purposes cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments, and bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

Borrowings and other financial liabilities

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of financial performance over the period of the borrowings using the effective interest method.

Long term borrowings are non-derivative financial loans and the Municipality does not hold financial loans for trading purposes. Long term borrowings are utilised solely for funding capital projects and the book value is disclosed at amortised cost.

Other financial liabilities are carried at amortised cost.

Loans and receivables

Loans and receivables are measured initially and subsequently at fair value, gains and losses arising from changes in fair value are included in the Statement of Financial Performance for the period.

eThekweni Municipality and its Municipal Entities

Financial Statements for the year ended 30 June 2013

ACCOUNTING POLICIES

1.12 Financial instruments (continued)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Statement of Financial Position.

Fixed and Negotiable Deposits

Fixed and negotiable deposits are non-derivative financial assets with fixed or determinable payments and fixed maturities that the municipality will hold to maturity.

Fixed and negotiable deposits are initially and subsequently measured at fair value which in the case of investments that have an original maturity date of less than 12 months equates the cost. Fixed and negotiable deposits held for greater than 12 months are fair valued annually and the difference recognised in the statement of financial performance.

On disposal of Fixed and negotiable deposits, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

1.13 Investments in Municipal entities

Group financial statements

The group annual financial statements include those of the municipality and its Municipal entities. The results of the Municipal entities are included from the effective date of acquisition..

On acquisition the group recognises the Municipal entities's identifiable assets, liabilities and contingent liabilities at fair value, except for assets classified as held-for-sale, which are recognised at fair value less costs to sell.

Municipality annual financial statements

Investments in municipal entities are carried at cost less any accumulated impairment.

Investments in municipal entities under the ownership control of the Municipality are carried at cost. Separate consolidated financial statements are prepared to account for the Municipality's share of net assets and post acquisition results of these investments.

The municipality assesses at each reporting date whether there is any indication that an investment in municipal entities may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the investment in municipal entities.

The recoverable amount of an investment in municipal entities is the higher of its fair value less costs to sell and its value in use.

A reversal of an impairment loss of investments in municipal entities carried at cost is recognised immediately in the Statement of Financial Performance.

1.14 Investment in Joint Ventures

Group financial statements

An investment in a joint venture is accounted for using the proportionate consolidation method, except when the asset is classified as held-for-sale. Under the proportionate consolidation method the group's share of each of the assets, liabilities, revenue and expenses of the investment is combined line by line with similar items in the group financial statements. The use of proportionate consolidation is discontinued from the date on which it ceases to have joint control over a jointly controlled entity.

eThekweni Municipality and its Municipal Entities

Financial Statements for the year ended 30 June 2013

ACCOUNTING POLICIES

1.14 Investment in Joint Ventures (continued)

Municipality annual financial statements

An investment in a joint venture is carried at cost less any accumulated impairment.

The municipality's share of profits or losses, resulting from operations of the joint venture, is recognised on the accrual basis and is capitalised to the cost of the investment.

The municipality assesses at each reporting date whether there is any indication that an investment in a joint venture may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the investment in a joint venture.

The recoverable amount of an investment in a joint venture is the higher of its fair value less costs to sell and its value in use.

A reversal of an impairment loss of investments in a joint venture carried at cost is recognised immediately in the Statement of Financial Performance.

1.15 Inventories

Initial Recognition

Inventories are initially recognized at cost. Cost generally refers to the purchase price, plus taxes (other than those subsequently recovered from the taxing authorities), transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Subsequent Measurement

Net realisable value is the estimated selling price in the ordinary course of operations.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Consumable stores, maintenance materials and water stock are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average method.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

1.16 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

eThekweni Municipality and its Municipal Entities

Financial Statements for the year ended 30 June 2013

ACCOUNTING POLICIES

1.16 Borrowing costs (continued)

1.17 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present or constructive obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation ;
- and
- a reliable estimate can be made of the obligation.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate.

Where the effect is material, non-current provisions are discounted to their present value using a prevailing prime rate at year end which reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability, if any (for example in the case of obligations for the rehabilitation of land).The municipality uses the prevailing prime rate at year end.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note.

eThekweni Municipality and its Municipal Entities

Financial Statements for the year ended 30 June 2013

ACCOUNTING POLICIES

1.18 Retirement Benefits

1.17.1 Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.17.2 Defined contribution plans

The municipality provides retirement benefits for its employees and councillors. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

The KZN Municipal Pension Fund is a defined contribution fund. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

The Natal Joint Provident Fund, Multi Linked and South African Local Authority are defined contribution funds.

The Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Municipality has no further payment obligations once the contributions have been paid.

The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.17.3 Pension obligations

The municipality and its employees contribute to 8 different Pension Funds, of which 2 (Durban Pension Fund and the KZN Pension Fund) cater for more than 86% of staff.

The following are defined benefit funds:

- Durban Pension Fund
- Government Employee's Pension Fund
- SALA
- Natal Joint Municipal Pension Fund - Superannuation
- Natal Joint Municipal Pension Fund - Retirement

The following are defined contribution funds:

- KZN Pension Fund
- Multi Linked

The other fund is a Provident Fund administered by Natal Joint Municipal Pension Fund.

Actuarial valuations are conducted on an interim basis each year with a statutory valuation undertaken every three years. Consideration is given to any extent that could impact the Funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

Actuarial gains and losses are recognised in the year that they arise, in the Statement of Financial Performance.

The schemes are funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations.

The Municipality has both defined benefit and defined contribution plans.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity.

The Municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The liability/asset recognized in the statement of financial position in respect of defined benefit pension plans is equal to the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates, best approximated by reference to market yields at the reporting date on government bonds that are denominated in the currency in which

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Financial Statements for the year ended 30 June 2013

ACCOUNTING POLICIES

1.18 Retirement Benefits (continued)

the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Past-service costs are recognised immediately in the statement of financial performance .

Any asset is limited to the net total of the present value of the defined benefit obligation at the reporting date minus the fair value at the reporting date of plan assets plus any liability that may arise as a result of a minimum funding requirement, and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Durban MarineTheme Park (Proprietary) Limited reimburses uShak Management (Pty) Ltd for the cost of the Provident Fund which is governed by the Pensions Funds Act of 1956. Contributions are based on a percentage of the payroll and charged to the Statement of Financial Performance in the year to which they relate.

All staff of the I.C.C. Durban (Proprietary) Limited are members of the I.C.C. Pension Fund which is a defined contribution fund.

1.17.4 Other post-employment benefit obligations

The municipality provides post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are charged or credited to the statement of financial performance in the year that they arise.

1.19 Multi-Employer Retirement Benefit Plans

The Municipality contributes to Government Employees Pension Fund, Natal Joint Super Annuation and Retirement Funds which are Defined Benefit Funds. The municipality's liability in these funds could not be determined owing to the fact that the assets are not being allocated to each employer and only one set of financial statements are compiled for each fund not per employer. Further details of this plan is included in note.

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Financial Statements for the year ended 30 June 2013

ACCOUNTING POLICIES

1.20 Revenue

Revenue comprises of the consideration received or receivable for the sale of goods and services in the ordinary course of the Municipality's activities. Revenue is shown net of value added tax, estimated returns, rebates and discounts and after eliminated revenue within departments of the Municipality.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably
- It is probable that the economic benefits associated with the transaction will flow to the Municipality;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is recognised as follows:

1.19.1 Revenue from exchange transactions

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value to another entity in exchange.

Service charges relating to electricity and water are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced.

Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property based on category of property and the property value.

Service charges from sewerage and sanitation are based on water consumption and are levied monthly.

Interest and rentals are recognised on a time proportion basis.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportion basis.

Revenue from the sale of goods is recognised when the risk is passed to the consumer .

Revenue from public contributions is recognised when all conditions associated with the contribution have been met. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

Durban Marine Theme (Proprietary) Limited recognises revenue from entrance parking fees and sales immediately upon receipt.

All other revenue is recognised as it accrues.

1.19.2 Revenue from non-exchange transactions

This refers to transactions where the municipality received revenue from another entity without giving approximately equal value in exchange.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount and the effective interest rate applicable.

eThekweni Municipality and its Municipal Entities

Financial Statements for the year ended 30 June 2013

ACCOUNTING POLICIES

1.20 Revenue (continued)

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with management's best estimate of the probable inflows from the amounts not yet collected.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, at the fair value of the consideration received or receivable.

Contributed property, plant and equipment is recognised when ownership of the items of property, plant and equipment is transferred to the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

1.21 Grants, Transfers and Donations

Income received from conditional grants, donations and subsidies is recognised to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised and funds are invested until utilised.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder, it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

Grants and receipts of a revenue nature: Income is transferred as revenue to the Statement of Financial Performance to the extent that the criteria, conditions or obligations have been met.

1.22 Leases

Operating leases - The Municipality as lessor

Assets leased to third parties under operating leases are included in investment properties and property, plant and equipment in the statement of financial position.

They are depreciated over their expected useful lives on a basis consistent with similar owned investment properties and property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised over the lease term.

Operating leases - The Municipality as lessee

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of financial performance on a straight-line basis over the period of the lease.

eThekwini Municipality and its Municipal Entities

Financial Statements for the year ended 30 June 2013

ACCOUNTING POLICIES

1.23 Tax

Deferred Income tax

The Municipality is exempted from tax in terms of section 10(1)(a) of the Income Tax Act.

Deferred Income tax with respect to Municipal Entities, is provided in full, using the liability method, on temporal differences arising between the tax basis of asset and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used to determine deferred income tax.

Deferred tax asset are recognised to the extent that is probable that the future taxable profit will be available against which temporary differences will be utilised.

1.24 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. Where unauthorised expenditure is not approved, upon the finalisation of an investigation, it is recovered from the responsible person and the amount received is accounted for as revenue in the Statement of Financial Performance.

1.25 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority, upon the finalisation of an investigation, it is treated as a current asset until it is recovered or written off as irrecoverable in the Statement of Financial Performance.

1.26 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. If the expenditure is not condoned by the relevant authority, upon the finalisation of an investigation, it is accounted for as a current asset in the Statement of Financial Position until such time as the expenditure is recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

1.27 Translation of foreign currencies

Foreign currency transactions

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

eThekwini Municipality and its Municipal Entities

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ACCOUNTING POLICIES

1.28 Comparative figures

1.28.1 Current year comparatives

Budgeted amounts have been included in an annexure to these financial statements for the current financial year only.

1.28.2 Prior year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.29 Long Service Awards

Provision for long service awards represents the present value of the estimated future cash outflows to be made by the Municipality resulting from employee services provided up to Statement of Financial position date. The provision comprises amounts that the Municipality has a present obligation to pay resulting from employees services provided up to Statement of Financial position date.

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ACCOUNTING POLICIES

1.30 Significant judgements

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Post Retirement Benefits and Multi-Employer Retirement Benefit Plans

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The Municipality determines the appropriate discount rate at the end of each year using the actuarial valuation. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Municipality considers the interest rates that are best approximated by reference to market yields at the reporting date on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 20. The Municipality contributes to Natal Joint Super Annuation and Retirement Funds which are Defined Benefit Funds. The municipality's liability in these funds could not be determined owing to the fact that the assets are not being allocated to each employer and only one set of financial statements are compiled for each fund not per employer. Further details of this plan is included in note 20.

Provision for impairment of trade receivables

The provision for impairment is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow based on past recovery trends discounted at the effective interest rate computed at initial recognition.

Non-cash generating and cash generating Impairment testing

Management used the fair value less cost to sell to determine the recoverable amount of intangible assets with an indefinite useful life and identifying assets that may have been impaired.

All assets owned/recognised by the municipality are held for the provision of basic services and are considered to be non-cash generating assets.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 22 - Provisions.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

A provision is recognised when:

- the municipality has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

1.31 Budget information

The budget has been included in the Annual Financial Statements in accordance with GRAP 24. The municipality presents a comparison of budget and actual amounts as a Statement of comparative and actual information.

1.32 Related parties

Parties are considered to be related if one party directly or indirectly has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or is a member of the key management of the municipality / entity. Refer note 40 - Related Parties.

eThekwini Municipality and its Municipal Entities

Financial Statements for the year ended 30 June 2013

ACCOUNTING POLICIES

1.33 Capital Commitments

A capital commitment is a binding agreement to undertake capital expenditure at some set time in the future which has not yet become an actual liability.

eThekweni Municipality and its Municipal Entities

Financial Statements for the year ended 30 June 2013

NOTES TO THE FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2013	2012	2013	2012
2. Inventories				
Unsold Properties held for re-sale	44,279	42,579	-	6
Food and beverages	2,458	2,365	-	-
Consumable stores	223,303	227,078	222,512	226,058
Maintenance materials	65	94	65	94
Water	10,755	9,253	10,755	9,253
Other	3,156	1,948	-	-
	284,016	283,317	233,332	235,411

The cost of inventories recognised as an expense during the period in respect of water sales was R1 367.2m (2012: R1 156.4m).

3. Investments

Designated at fair value

Fixed deposit	4,850,000	3,500,000	4,850,000	3,500,000
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Non-current assets

Fixed Deposit	500,000	-	500,000	-
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Current assets

Fixed Deposit	4,350,000	3,500,000	4,350,000	3,500,000
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Investments are non-derivative financial assets and are classified at fair value and are held to maturity. Investments will mature within two to four months, therefore cost equates fair value. The Municipality does not hold its investments for trading purpose. Management determines the classification of its investments at the time of acquisition and reevaluates such declaration on an annual basis. Investments held for less than 12 months are recognised at cost. Investments with maturities greater than 12 months are recognised at fair value.

4. Receivables from exchange transactions

Provision for Bad debts	(930,868)	(397,148)	(930,868)	(397,190)
Prepayments	31,353	18,248	29,255	17,318
Other Debtors (mainly in respect of sundry services and interest on outstanding debt)	1,667,185	1,471,043	1,654,696	1,458,875
Debtor - DOHS	1,709,533	1,242,528	1,709,533	1,242,528
Fair value adjustments	(1,244)	(146)	(1,244)	(146)
Accruals	97,474	363,572	97,474	363,572
	2,573,433	2,698,097	2,558,846	2,684,957

5. VAT

VAT reconciliation

VAT payable	(1,193)	(765)	-	-
VAT receivable	33,918	28,307	33,308	26,953
Net Vat	32,725	27,542	33,308	26,953

Municipality:

VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.

eThekweni Municipality and its Municipal Entities

Financial Statements for the year ended 30 June 2013

NOTES TO THE FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2013	2012	2013	2012
6. Consumer debtors				
Gross balances				
Rates	2,148,378	1,816,780	2,148,378	1,816,780
Electricity	1,134,456	1,084,636	1,134,456	1,084,636
Water	1,375,753	1,284,492	1,379,804	1,288,075
Refuse	89,656	76,684	89,656	76,684
Business service Levies	3,765	3,938	3,765	3,938
Housing Rental	78,751	72,885	78,751	72,885
Waste Water	183,069	144,584	183,069	144,584
ICC Debtors	2,759	8,725	-	-
	5,016,587	4,492,724	5,017,879	4,487,582
Less: Allowance for impairment				
Rates	(921,316)	(940,383)	(921,316)	(940,383)
Electricity	(179,303)	(172,010)	(179,303)	(172,010)
Water	(700,779)	(676,548)	(700,779)	(676,548)
Refuse	(51,008)	(39,624)	(51,008)	(39,624)
Business service levies	(3,765)	(3,938)	(3,765)	(3,938)
Housing Rental	(50,480)	(39,425)	(50,480)	(39,425)
Waste water	(78,856)	(53,240)	(78,856)	(53,240)
I.C.C Debtors	(2,127)	(3,425)	-	-
	(1,987,634)	(1,928,593)	(1,985,507)	(1,925,168)
Net balance				
Rates	1,227,062	876,397	1,227,062	876,397
Electricity	955,153	912,626	955,153	912,626
Water	674,974	607,944	679,025	611,527
Refuse	38,648	37,060	38,648	37,060
Housing rental	28,271	33,460	28,271	33,460
Waste water	104,213	91,344	104,213	91,344
I.C.C Debtors	632	5,300	-	-
	3,028,953	2,564,131	3,032,372	2,562,414
Included in above is receivables from exchange transactions				
Electricity	955,153	912,626	955,153	912,626
Water	674,974	607,944	679,025	611,527
Waste water	105,169	91,344	105,169	91,344
Refuse	66,674	37,060	66,674	37,060
Housing Rental	28,271	33,460	28,271	33,460
I.C.C Debtors	632	5,300	-	-
	1,830,873	1,687,734	1,834,292	1,686,017
Included in above is receivables from non-exchange transactions (taxes and transfers)				
Rates	880,678	876,397	880,678	876,397
Net balance	2,711,551	2,564,131	2,714,970	2,562,414

eThekweni Municipality and its Municipal Entities

Financial Statements for the year ended 30 June 2013

NOTES TO THE FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2013	2012	2013	2012
6. Consumer debtors (continued)				
Rates				
Current (0 -30 days)	369,110	296,744	369,110	296,744
31 - 60 days	71,062	58,228	71,062	58,228
61 - 90 days	58,118	47,217	58,118	47,217
91 - 120 days	28,720	18,736	28,720	18,736
121 - 365 days	1,428,855	1,395,855	1,428,855	1,395,855
> 365 days	192,513	-	192,513	-
	2,148,378	1,816,780	2,148,378	1,816,780
Electricity, Water, Solid Waste and Waste Water				
Current (0 -30 days)	1,098,105	989,851	1,102,156	993,434
31 - 60 days	187,599	189,152	187,599	189,152
61 - 90 days	64,713	86,037	64,713	86,037
91 - 120 days	54,993	86,567	54,993	86,567
121 - 365 days	1,377,524	1,238,789	1,377,524	1,238,789
	2,782,934	2,590,396	2,786,985	2,593,979
Business services levies				
>365 days	3,765	3,938	3,765	3,938
Housing rental				
Current (0 -30 days)	2,572	2,193	2,572	2,193
31 - 60 days	2,852	1,537	2,852	1,537
61 - 90 days	22,848	29,730	22,848	29,730
91 - 120 days	50,479	39,425	50,479	39,425
	78,751	72,885	78,751	72,885
I.C.C. Debtors				
Current (0 -30 days)	91	19	-	-
61 - 90 days	25	182	-	-
91 - 120 days	2,643	8,524	-	-
	2,759	8,725	-	-
Reconciliation of allowance for impairment				
Balance at beginning of the year	1,928,593	1,759,385	1,925,169	1,756,340
Contributions to allowance	245,528	367,572	245,812	367,192
Debt impairment written off against allowance	(186,487)	(198,364)	(185,474)	(198,364)
	1,987,634	1,928,593	1,985,507	1,925,168
7. Long-term receivables				
Loan:DIDT	108,183	145,299	108,183	145,299
Fair Value Adjustment	(8,475)	(11,997)	(8,475)	(11,997)
Housing Selling scheme loans	129,584	128,969	129,584	128,969
First Metro Housing Loans	15,054	15,975	15,054	15,975
Land sales	69,438	8,836	69,438	8,836
Education Loans	15,324	13,324	15,324	13,324
Sporting bodies	-	805	-	805
Provision for Doubtful Debts: DIDT	(108,183)	-	(108,183)	-
	220,925	301,211	220,925	301,211

eThekweni Municipality and its Municipal Entities

Financial Statements for the year ended 30 June 2013

NOTES TO THE FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2013	2012	2013	2012
7. Long-term receivables (continued)				
Less: Current portion transferred to current receivables				
Housing Selling scheme loans	2,673	2,714	2,673	2,714
First Metro Housing Loans	940	921	940	921
Land sales	69,438	8,836	69,438	8,836
Education Loans	132	294	132	294
Sporting bodies	-	442	-	442
	73,183	13,207	73,183	13,207
Long-term receivables - Non-current portion	147,742	288,004	147,742	288,004
Long-term receivables - Current portion	73,183	13,207	73,183	13,207

Education Loans

These loans relate to students who are studying full-time at Universities in the Engineering disciplines. The cost covers tuition fees, books and subsistence. On successful completion of the course the students are, in terms of contractual obligations, employed by the Municipality. A pro-rata share of these costs are then written back as operating costs in annual instalments equal to the number of years studied. These loans (bursaries) are interest free.

Sporting Bodies Loans

These loans attract interest of 11% - 14% (2012: 11% - 14%) per annum and are repayable over 20 to 50 years.

Housing selling scheme loans

Housing loans are granted to qualifying individuals in terms of the provincial administration housing programme. These loans attract interest in terms of the State Directives and Guidelines and are repayable over 20 years.

Housing First Metro loan

These loans attract interest at a fixed rate of 10% and are repayable over 20 years.

8. Call investment deposits

30 Day deposits	547,900	1,374,465	375,000	1,230,000
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9. Cash and cash equivalents

Refer to note 48 for details on Bank accounts and balances.

Cash and cash equivalents consist of:

Cash on hand	6,217	7,185	4,493	5,714
Bank balances	1,060,302	776,235	974,970	697,884
Bank balances and cash	1,066,519	783,420	979,463	703,598
Bank overdraft	(904,710)	(632,402)	(904,710)	(632,402)
	161,809	151,018	74,753	71,196
Call Investment Deposits	547,900	1,374,465	375,000	1,230,000
Investments	4,850,000	3,500,000	4,850,000	3,500,000
	5,559,709	5,025,483	5,299,753	4,801,196

eThekweni Municipality and its Municipal Entities

Financial Statements for the year ended 30 June 2013

NOTES TO THE FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2013	2012	2013	2012

10. Investment property

Group	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Revenue Generating	180,275	(60,445)	119,830	180,459	(56,112)	124,347
Non-revenue Generating	208,697	-	208,697	209,029	-	209,029
Total	388,972	(60,445)	328,527	389,488	(56,112)	333,376

Municipality	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Revenue Generating	89,258	(39,943)	49,315	89,258	(38,187)	51,071
Non-revenue Generating	208,724	-	208,724	209,029	-	209,029
Total	297,982	(39,943)	258,039	298,287	(38,187)	260,100

Reconciliation of investment property - Group - 2013

	Opening balance	Disposals	Depreciation	Total
Revenue Generating	124,347	-	(4,517)	119,830
Non-revenue Generating	209,029	(332)	-	208,697
	333,376	(332)	(4,517)	328,527

Reconciliation of investment property - Group - 2012

	Opening balance	Disposals	Depreciation	Total
Revenue Generating	131,639	(2,713)	(4,579)	124,347
Non-revenue Generating	209,373	(344)	-	209,029
	341,012	(3,057)	(4,579)	333,376

Reconciliation of investment property - Municipality - 2013

	Opening balance	Disposals	Depreciation	Total
Revenue Generating	51,071	-	(1,756)	49,315
Non-revenue Generating	209,029	(305)	-	208,724
	260,100	(305)	(1,756)	258,039

eThekweni Municipality and its Municipal Entities

Financial Statements for the year ended 30 June 2013

NOTES TO THE FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2013	2012	2013	2012

10. Investment property (continued)

Reconciliation of investment property - Municipality - 2012

	Opening balance	Disposals	Depreciation	Total
Revenue Generating	53,708	(828)	(1,809)	51,071
Non-revenue Generating	209,373	(344)	-	209,029
	263,081	(1,172)	(1,809)	260,100

Municipality

The fair value of the above properties is R2.9 billion (2012: R2.8 billion). Investment properties have been valued in accordance with current market conditions.

Group

Durban Marine Theme Park (Pty) Ltd: Investment property comprises the Village Walk retail shopping mall from which rental income is derived. The original cost of this property including land was approximately R69 million. The directors fair value thereof is R118 million based on a valuation method of net rental return, capitalised at a fair market rate of return of 12%.

11. Property, plant and equipment

Group	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	5,561,994	(1,019,323)	4,542,671	4,935,163	(879,562)	4,055,601
Infrastructure	29,288,357	(6,380,963)	22,907,394	28,654,563	(5,395,282)	23,259,281
Community	4,874,236	(779,114)	4,095,122	4,667,834	(577,657)	4,090,177
Other property, plant and equipment	6,795,582	(2,779,302)	4,016,280	4,965,483	(2,604,830)	2,360,653
Housing Development Fund	132,944	(63,579)	69,365	134,193	(62,585)	71,608
Total	46,653,113	(11,022,281)	35,630,832	43,357,236	(9,519,916)	33,837,320

Municipality	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	4,225,149	(685,244)	3,539,905	3,609,767	(584,103)	3,025,664
Infrastructure	29,288,356	(6,380,962)	22,907,394	28,654,563	(5,395,282)	23,259,281
Community	4,874,236	(779,114)	4,095,122	4,667,834	(577,657)	4,090,177
Other property, plant and equipment	6,593,635	(2,628,436)	3,965,199	4,773,892	(2,472,805)	2,301,087
Housing Development Fund	132,944	(63,579)	69,365	134,193	(62,585)	71,608
Total	45,114,320	(10,537,335)	34,576,985	41,840,249	(9,092,432)	32,747,817

Reconciliation of property, plant and equipment - Group - 2013

eThekweni Municipality and its Municipal Entities

Financial Statements for the year ended 30 June 2013

NOTES TO THE FINANCIAL STATEMENTS

		Group		Municipality			
Figures in Rand thousand		2013	2012	2013	2012		
11. Property, plant and equipment (continued)							
	Opening balance	Additions	Disposals	Transfers	Work - In - Progress	Depreciation	Impairment loss
Buildings	4,055,601	320,617	(955)	122,109	176,651	(134,001)	2,64
Infrastructure	23,259,281	1,149,947	(1,185)	(1,415,734)	682,547	(762,594)	(4,86
Community	4,090,177	323,259	(16)	(217,550)	19,327	(117,892)	(2,18
Other property, plant and equipment	2,360,653	627,558	(13,463)	1,511,159	122,773	(578,717)	(13,68
Housing Development Fund	71,608	287	(325)	3	-	(2,208)	
	33,837,320	2,421,668	(15,944)	(13)	1,001,298	(1,595,412)	(18,08

Reconciliation of property, plant and equipment - Group - 2012

	Opening balance	Additions	Disposals	Transfers	Work - In - Progress	Depreciation	Impairment loss
Buildings	3,905,883	149,035	(15)	31,512	107,126	(137,837)	(10
Infrastructure	20,346,994	2,536,031	-	1,174,913	(43,650)	(754,245)	(76
Community	4,330,031	49,694	(18)	(176,525)	23,886	(130,603)	(6,28
Other property, plant and equipment	3,302,812	626,870	(11,661)	(1,030,666)	(9,682)	(512,133)	(4,88
Housing development fund	74,503	41	(385)	(24)	-	(2,527)	
	31,960,223	3,361,671	(12,079)	(790)	77,680	(1,537,345)	(12,04

Reconciliation of property, plant and equipment - Municipality - 2013

	Opening balance	Additions	Disposals	Transfers	Work In Progress	Depreciation	Impairment loss
Buildings	3,025,664	309,089	(890)	122,109	176,651	(95,082)	2,36
Infrastructure	23,259,281	1,149,947	(1,185)	(1,415,734)	682,547	(762,594)	(4,86
Community	4,090,177	323,259	(16)	(217,550)	19,327	(117,892)	(2,18
Other property, plant and equipment	2,301,087	614,065	(12,809)	1,511,159	122,314	(557,020)	(13,59
Housing Development Fund	71,608	287	(325)	3	-	(2,208)	
	32,747,817	2,396,647	(15,225)	(13)	1,000,839	(1,534,796)	(18,28

Reconciliation of property, plant and equipment - Municipality - 2012

	Opening balance	Additions	Disposals	Transfers	Work In Progress	Depreciation	Impairment loss
Buildings	2,844,494	133,054	(3)	31,512	107,126	(90,416)	(10
Infrastructure	20,346,994	2,536,031	-	1,174,913	(43,650)	(754,245)	(76
Community	4,330,031	49,694	(18)	(176,525)	23,886	(130,603)	(6,28
Other property, plant and equipment	3,243,126	611,157	(10,791)	(1,030,666)	(9,682)	(497,170)	(4,88
Housing development fund	74,503	41	(385)	(24)	-	(2,527)	
	30,839,148	3,329,977	(11,197)	(790)	77,680	(1,474,961)	(12,04

Included in Property, Plant and Equipment above are items that are still in use and that have a historical cost of R333m (2012: R280m) but are fully depreciated. This amount is made up as follows: Landfill (Disposal sites) - R269million; PPE fully impaired - R64million.

eThekweni Municipality and its Municipal Entities

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NOTES TO THE FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2013	2012	2013	2012

12. Intangible assets

Group	2013			2012		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Servitudes	48,362	-	48,362	48,189	-	48,189
Computer software	852,551	(210,406)	642,145	784,310	(170,429)	613,881
Total	900,913	(210,406)	690,507	832,499	(170,429)	662,070

Municipality	2013			2012		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Servitudes	48,362	-	48,362	48,189	-	48,189
Computer software	846,878	(206,379)	640,499	779,332	(167,158)	612,174
Total	895,240	(206,379)	688,861	827,521	(167,158)	660,363

Reconciliation of intangible assets - Group - 2013

	Opening balance	Additions	Disposals	Transfers	Work - in - progress	Amortisation	Total
Servitudes	48,189	173	-	-	-	-	48,36
Computer software	613,881	30,504	(609)	4	41,163	(42,798)	642,14
	662,070	30,677	(609)	4	41,163	(42,798)	690,50

Reconciliation of intangible assets - Group - 2012

	Opening balance	Additions	Transfers	Work In Progress	Amortisation	Total
Servitudes	47,882	307	-	-	-	48,189
Computer software	597,899	110,834	1,281	(53,551)	(42,582)	613,881
	645,781	111,141	1,281	(53,551)	(42,582)	662,070

Reconciliation of intangible assets - Municipality - 2013

	Opening balance	Additions	Disposals	Transfers	Work In Progress	Amortisation	Total
Servitudes	48,189	173	-	-	-	-	48,36
Computer software	612,174	29,798	(609)	4	41,163	(42,031)	640,49
	660,363	29,971	(609)	4	41,163	(42,031)	688,86

eThekweni Municipality and its Municipal Entities

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NOTES TO THE FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2013	2012	2013	2012

12. Intangible assets (continued)

Reconciliation of intangible assets - Municipality - 2012

	Opening balance	Additions	Transfers	Work In Progress	Amortisation	Total
Servitudes	47,882	307	-	-	-	48,189
Computer software	595,954	110,320	1,281	(53,551)	(41,830)	612,174
	643,836	110,627	1,281	(53,551)	(41,830)	660,363

13. Heritage assets

Group	2013			2012		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art Collections, antiquities and exhibits	9,658	-	9,658	9,501	-	9,501

Municipality	2013			2012		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art Collections, antiquities and exhibits	9,658	-	9,658	9,501	-	9,501

Reconciliation of heritage assets Group - 2013

	Opening balance	Additions	Transfers	Total
Art Collections, antiquities and exhibits	9,501	149	8	9,658

Reconciliation of heritage assets Group - 2012

	Opening balance	Additions	Transfers	Work in progress	Total
Art Collections, antiquities and exhibits	9,992	2,065	(491)	(2,065)	9,501

Reconciliation of heritage assets Municipality - 2013

	Opening balance	Additions	Transfers	Total
Art Collections, antiquities and exhibits	9,501	149	8	9,658

Reconciliation of heritage assets Municipality - 2012

	Opening balance	Additions	Transfers	Work in progress	Total
Art Collections, antiquities and exhibits	9,992	2,065	(491)	(2,065)	9,501

eThekweni Municipality and its Municipal Entities

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	Group		Municipality	
Figures in Rand thousand	2013	2012	2013	2012
14. Investments in Municipal entities				
Name of company	% holding 2013	% holding 2012	Carrying amount 2013	Carrying amount 2012
ICC Durban (Proprietary) Limited	100.00 %	100.00 %	1	1
Durban Marine Theme Park (Proprietary) Limited	99.80 %	99.80 %	872,996	872,996
			872,997	872,997
Impairment of investment in controlled entities	- %	- %	(346,673)	(228,984)
			526,324	644,013

At its meeting on 19 June 2013, and taking cognizance of the International Convention Centre and Durban Marine Theme Park operating at a break-even level, excluding depreciation and finance charges, the Council's Finance and Procurement Committee confirmed its commitment to ensuring the future financial viability of the International Convention Centre and the Durban Marine Theme Park and more specifically to meet any funding shortfalls that may compromise their ability to continue trading as a "going concern".

As at 30 June 2013

	ICC Durban (Proprietary) Limited	Durban Marine Theme Park (Proprietary) Limited
Issued Share Capital (R'000)	1	9,384
Percentage owned by Council (%)	100	99
Indebtedness of Municipal Entities (R'000)- Non Interest Bearing	226,590	-
Loss on Impairment of Loans	(154,541)	-
Electricity Income Received (R'000)	8,906	16,807
Water Income Received (R'000)	1,312	3,117
Gross Rates Income Received (R'000)	4,290	-
Refuse Removal (R'000)	511	1,120
Insurance (R'000)	-	1,246

As at 30 June 2012

	ICC Durban (Proprietary) Limited	Durban Marine Theme Park (Proprietary) Limited
Issued Share Capital (R'000)	1	9,384
Percentage owned by Council (%)	100	99
Indebtedness of Municipal Entities (R'000)- Non Interest Bearing	226,590	-
Loss on Impairment of Loans	(226,590)	-
Electricity Income Received (R'000)	8,704	16,687
Water Income Received (R'000)	1,157	5,249
Gross Rates Income Received (R'000)	18,358	-
Grant-in-Aid (Rates) (R'000)	(10,500)	-
Refuse Removal (R'000)	659	870
Insurance (R'000)	-	1,243
Advance Fire Training (R'000)	-	33

eThekweni Municipality and its Municipal Entities

Financial Statements for the year ended 30 June 2013

NOTES TO THE FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2013	2012	2013	2012

15. Investment in Joint Ventures

Name of company	Listed / Unlisted	% holding 2013	% holding 2012	Carrying amount 2013	Carrying amount 2012
Effingham Development		66.74 %	66.74 %	81,596	80,365

This represents a 66.74% investment in Effingham Development (Joint Venture)

The Effingham Development joint Venture is a joint venture entered into with Moreland Developments (Pty) Ltd. The joint venture was formed with the objective of developing and marketing the serviced sites of Effingham/Avoca (Riverhorse Valley Business Estate) land and Phoenix South (Bridge City) land.

Summary of the municipality's interest in the joint venture

Summary of the group's interests in the joint venture.

Assets

Township Property	44,279	42,573
Current assets - Debtors	11,535	11,446
Current assets - Bank Balances and Cash on hand	44,509	46,467
Total Assets	100,323	-

Equity and Liabilities

Members Loan Accounts	81,596	80,365
Current liabilities - Creditors	18,727	20,121
Total Equity and Liabilities	100,323	100,486

Reconciliation of Investment in Joint Venture

Balance at beginning of year	80,365	70,610
Share of Income for the year	1,231	9,755
Balance at end of year	81,596	80,365

16. Loan to Municipal entity

Controlled entity

ICC Durban (Proprietary) Limited	-	-	226,590	226,590
	-	-	226,590	226,590
Impairment of loan to controlled entity	-	-	(154,541)	(226,590)
	-	-	72,049	-

Loan to Municipal Entity is fully impaired as it is considered to be irrecoverable in the short-term. Cash accumulated recognised in the financial statements has been committed to capital expenditure for the next 5 years to allow the entity to maintain an acceptable status within the conferencing environment.

17. External Borrowings

Designated at fair value

Annuity loan	9,886,788	10,682,462	9,886,788	10,678,806
Debentures and local registered stock loans	115,223	103,563	-	200
	10,002,011	10,786,025	9,886,788	10,679,006

The fair value of all long term loans approximates their book values.

eThekwini Municipality and its Municipal Entities

Financial Statements for the year ended 30 June 2013

NOTES TO THE FINANCIAL STATEMENTS

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Figures in Rand thousand	2013	2012	2013	2012

Refer to Note 50 for more detail on long-term liabilities.

DBSA Phase 2 and Phase 3 loans of R400million each are separately secured, each by a cession of an acceptable revenue stream of R20 million p.a. as security. The DBSA Phase 2 loan of R400million is a floating interest rate contract, and in order to mitigate the floating interest rate exposure, the Municipality entered into a fixed interest rate swap agreement with Standard Corporate & Merchant Bank.

DBSA Phase 5 of R300m is separately secured by a cession of an acceptable revenue stream of R15 million p.a. as security.

AFD Calyon of R58.7m is separately secured by a cession of carbon credit income in the event of default or nonpayment. The income is estimated to be R3.2m to the year 2014.

Ushaka: Debentures:

The unsecured convertible debenture bears interest at a non-compounding rate of 13% per annum. The accrued interest is payable at the end of the twelfth year of the issued debenture. The debenture is convertible at the option of the holder into ordinary shares of the company at anytime during 12 years from date of issue. Should the holder not exercise the option to convert, the debenture is redeemable at the option of either the issuer or the bearer after the 12 years from date of issue. On redemption the debenture capital is repayable in three equal annual tranches during 2017, 2018 and 2019.

All other loans are unsecured.

Non-current liabilities

Designated at fair value	9,044,012	10,013,000	8,929,548	9,906,679
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Current liabilities

Designated at fair value	957,999	773,025	957,240	772,327
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18. Payables from exchange transactions

Trade payables	2,277,812	1,996,456	2,250,380	1,975,041
Payments received in advanced - contract in process	85,158	79,517	85,158	79,517
Income received in advance - D.O.H.S	861,080	1,051,294	861,080	1,051,294
Other payables	788,014	934,534	821,983	960,847
Retentions	166,077	119,709	166,077	119,709
Bank deposits not receipted	212,329	181,668	212,329	181,668
Staff leave	322,534	302,269	322,534	302,269
Deferred Expenditure	26,980	30,212	26,980	30,212
Adjustment for fair value	(17,940)	(9,095)	(17,940)	(9,095)
	4,722,044	4,686,564	4,728,581	4,691,462

19. Consumer deposits

Rates	18,933	14,693	-	-
Electricity	877,823	780,028	877,823	780,028
Water	249,180	225,328	249,180	225,328
Interest	64,419	59,539	64,419	59,539
Housing rental	1,411	1,416	-	-
	1,211,766	1,081,004	1,191,422	1,064,895

Included in eThekwini Municipality's deposits is an accrual of interest at an effective interest rate of 3% per annum (2012: 3%) which is paid to consumers when deposits are refunded.

eThekweni Municipality and its Municipal Entities

Financial Statements for the year ended 30 June 2013

NOTES TO THE FINANCIAL STATEMENTS

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Figures in Rand thousand	2013	2012	2013	2012

20. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value

Post-employment medical benefits	2,867,471	2,752,683	2,867,471	2,752,683
Pension benefits	20,798	170,984	20,798	170,984
	2,888,269	2,923,667	2,888,269	2,923,667
Non-current liabilities	2,628,325	2,664,486	2,628,325	2,664,486
Current liabilities	259,944	259,181	259,944	259,181
	2,888,269	2,923,667	2,888,269	2,923,667

Actuarial Valuations:

The actuarial valuations were done by Price Waterhouse Coopers Actuarial Management Solutions, an independent post retirement plan administrator, and they determined that the retirement plan was in a sound financial position. Certain assumptions applied in the current period were revised by Price Waterhouse Coopers Actuarial Management Solutions and are summarised in the reconciliation of the actuarial losses.

The current liability was estimated by management and based on historical trends.

Net Actuarial Gain / (Loss): Post-employment Medical Benefits

Change in calculation model	72,778	(226,290)	72,778	(226,290)
Change in gross discount rate	47,787	264,185	47,787	264,185
Change in health care cost inflation assumption	(198,458)	(227,185)	(198,458)	(227,185)
Change in mortality assumption	295,918	(216,016)	295,918	(216,016)
Introduction of ill-health assumption	221,836	(258,926)	221,836	(258,926)
Change in active's percentage married assumption	(73,930)	91,874	(73,930)	91,874
Actual vs expected change in subsidies	-	707,190	-	707,190
Increase in proportion of pensioners married	-	(212,493)	-	(212,493)
Experience variance and data changes	(179,531)	(431,246)	(179,531)	(431,246)
	186,400	(508,907)	186,400	(508,907)

Net Actuarial Gain / (Loss): Post-employment Pension Benefits

Change in calculation model	-	(114,079)	-	(114,079)
Change in economic assumptions	(348,861)	(1,409,883)	(348,861)	(1,409,883)
Change in demographic assumptions	286,259	(283,975)	286,259	(283,975)
Experience variance and data changes	(25,333)	(77,828)	(25,333)	(77,828)
Notional pensioners account	(324,501)	-	(324,501)	-
Trust account	(33,069)	-	(33,069)	-
	(445,505)	(1,885,765)	(445,505)	(1,885,765)

Statement of Financial Performance obligation for:

Contribution to Post-employment medical benefits	114,788	685,601	114,788	685,601
Pension Benefits: Contribution to Funds	(82,486)	559,004	(82,486)	559,004
Total, included in employee benefits expense	32,302	1,244,605	32,302	1,244,605

eThekweni Municipality and its Municipal Entities

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	Group		Municipality	
Figures in Rand thousand	2013	2012	2013	2012

20. Employee benefit obligations (continued)

Post-Retirement Medical Aid Plan

The municipality operates on 5 accredited medical aid schemes, namely Key Health, Hosmed, Bonitas, Samwumed and LA Health. Pensioners continue on the option they belonged to on the day of their retirement.

Movement in the defined benefit obligation is as follows:

Balance at beginning of the year	2,752,683	2,067,082	2,752,683	2,067,082
Current service cost	139,153	88,412	139,153	88,412
Interest cost	252,819	170,195	252,819	170,195
Actuarial (gains) losses	(186,400)	508,907	(186,400)	508,907
Benefit payments	(90,784)	(81,913)	(90,784)	(81,913)
Balance at end of year	2,867,471	2,752,683	2,867,471	2,752,683

Net expense recognised in the Statement of financial performance

Current service cost	139,153	88,412	139,153	88,412
Interest cost	252,819	170,195	252,819	170,195
Actuarial (gains) losses	(186,400)	508,907	(186,400)	508,907
Benefit payments	(90,784)	(81,913)	(90,784)	(81,913)
Total, included in employee benefits expense	114,788	685,601	114,788	685,601

Trend Information - Disclosure Requirement in terms of GRAP 25

	30 June 2009	30 June 2010	30 June 2011	30 June 2012	30 June 2013
Present Value of Obligations	1,589,173	1,892,056	2,067,082	2,752,683	2,867,471
Present Value of Obligations in excess of Plan Assets	1,589,173	1,892,056	2,067,082	2,752,683	2,867,471
Experience Adjustments (Actuarial Gain/(Loss) before Changes in Assumptions)					
In respect of Present Value of Obligations	(46,905)	(151,079)	13,736	(162,839)	(179,531)

Disclosure Requirement in terms of GRAP 25

Sensitivity Results from Previous Valuation

	Central Assumption 7.9%	-1%	+1%
Accrued Liability 30 June 2013	2,867,471	2,449,443	3,383,219
% Change	- %	(14.6)%	18.0 %
Current Service Cost + Interest Cost 2013/14	392,700	325,371	478,352
% Change	- %	(17.1)%	21.8 %

Disclosure Requirement in terms of GRAP 25:

The employer's best estimate of contributions expected to be paid to the plan during the annual period beginning after the end of reporting period, is R97.9million.

eThekweni Municipality and its Municipal Entities

Financial Statements for the year ended 30 June 2013

NOTES TO THE FINANCIAL STATEMENTS

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Figures in Rand thousand	2013	2012	2013	2012

20. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	9.20 %	9.10 %	9.20 %	9.10 %
General increases to medical aid contributions	7.90 %	7.50 %	7.90 %	7.50 %
Salary Inflation	6.00 %	6.00 %	6.00 %	6.00 %
Expected retirement age	63	63	63	63
Proportion continuing membership at retirement	100.00 %	100.00 %	100.00 %	100.00 %
Proportion of retiring members who are married	100.00 %	90.00 %	100.00 %	90.00 %

Other assumptions:

Age of spouse - Husbands 5 years older than wives

Mortality of in-service members - Mortality table based on Durban Pension Fund experience

Mortality of pensioners - a(m) and a(f) ultimate tables plus 0.5% improvement per annum

(No explicit assumption was made about additional mortality or health care costs due to AIDS).

The effect of the major categories of plan assets is as follow: [state effect]

Percentage of in-service members withdrawing before retirement:

Age 20	7.85 %	7.85 %	7.85 %	7.85 %
Age 25	5.67 %	5.67 %	5.67 %	5.67 %
Age 30	4.20 %	4.20 %	4.20 %	4.20 %
Age 35	3.31 %	3.31 %	3.31 %	3.31 %
Age 40	2.23 %	2.23 %	2.23 %	2.23 %
Age 45	1.21 %	1.21 %	1.21 %	1.21 %
Age 50	0.55 %	0.55 %	0.55 %	0.55 %
	-	-	-	-

Pension benefits

The amounts recognised in the Statement of Financial Position were determined as follows:

Present value of funded obligations	10,227,913	9,486,188	10,227,913	9,486,188
Present value of the defined benefit obligation- partially or wholly funded	(10,207,115)	(9,315,204)	(10,207,115)	(9,315,204)
Liability (Surplus) in the Statement of Financial Position	20,798	170,984	20,798	170,984

Net expense recognised in the statement of financial performance

Service cost	(120,028)	(122,656)	(120,028)	(122,656)
Interest cost	(757,257)	(641,239)	(757,257)	(641,239)
Expected return on assets	914,348	803,239	914,348	803,239
Net actuarial gains / (losses) recognised in the year	48,309	(1,734,471)	48,309	(1,734,471)
Change in unrecognised due to net asset limit	-	1,136,123	-	1,136,123
Active member expenses	(2,886)	-	(2,886)	-
	82,486	(559,004)	82,486	(559,004)

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	Group		Municipality	
Figures in Rand thousand	2013	2012	2013	2012

20. Employee benefit obligations (continued)

Movement in the defined benefit obligation is as follows:

Opening defined benefit Obligation	(9,486,188)	(7,369,519)	(9,486,188)	(7,369,519)
Current service cost	(120,028)	(122,656)	(120,028)	(122,656)
Contributions by plan participants	(25,800)	(26,500)	(25,800)	(26,500)
Actuarial losses	(445,505)	(1,885,765)	(445,505)	(1,885,765)
Interest cost	(757,257)	(641,239)	(757,257)	(641,239)
Benefit payments	606,865	559,491	606,865	559,491
Balance at end of year	(10,227,913)	(9,486,188)	(10,227,913)	(9,486,188)

Movement in the fair value of plan assets is as follows:

Opening Fair Value of Plan assets	9,315,204	8,824,562	9,315,204	8,824,562
Actuarial gains (losses)	493,814	151,294	493,814	151,294
Employer contributions	67,700	69,100	67,700	69,100
Employee contributions	25,800	26,500	25,800	26,500
Benefit payments	(606,865)	(559,491)	(606,865)	(559,491)
Expected return on assets	914,348	803,239	914,348	803,239
Active members expenses	(2,886)	-	(2,886)	-
Balance at end of year	10,207,115	9,315,204	10,207,115	9,315,204

Disclosure in terms of GRAP 25

Defined benefit obligation	(10,227,913)	(9,486,188)	(10,227,913)	(9,486,188)
Plan assets	10,207,115	9,315,204	10,207,115	9,315,204
Funded status (before applying the net asset limit)	(20,798)	(170,894)	(20,798)	(170,894)
Experience adjustments on plan liabilities	(382,903)	(77,828)	(382,903)	(77,828)
Experience adjustments on plan assets	493,814	151,294	493,814	151,294
	69,315	(268,412)	69,315	(268,412)

Key assumptions used

The principal actuarial assumptions used were as follows:

Discount rate	8.40	8.30	8.40	8.30
Expected return on plan assets	10.60	10.00	10.60	10.00
Future salary increases	6.90	6.50	6.90	6.50
Future pension increases	5.90	5.50	6.00	6.00

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Figures in Rand thousand	2013	2012	2013	2012

20. Employee benefit obligations (continued)

Examples of mortality rates used were as follows: Active members (All):

Age 20	0.13 %	0.13 %	0.13 %	0.13 %
Age 25	0.18 %	0.18 %	0.18 %	0.18 %
Age 30	0.25 %	0.25 %	0.25 %	0.25 %
Age 35	0.37 %	0.37 %	0.37 %	0.37 %
Age 40	0.52 %	0.52 %	0.52 %	0.52 %
Age 45	0.72 %	0.72 %	0.72 %	0.72 %
Age 50	0.99 %	0.99 %	0.99 %	0.99 %
Age 55	1.37 %	1.37 %	1.37 %	1.37 %
Age 60	1.89 %	1.89 %	1.89 %	1.89 %

eThekwini Municipality and its Municipal Entities

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Figures in Rand thousand	2013	2012	2013	2012

20. Employee benefit obligations (continued)

Financial Position of KZN Municipal Pension Fund and Durban Pension Fund:

All Councillors and employees belong to 1 of 8 retirement funds.

The KZN Municipal Pension Fund is a defined contribution fund and became operational from 2001-11-01. It presently has a membership of over 17000 employees with a total pension accumulation of over R7 billion. As a defined contribution fund the solvency of the fund is generally not of any concern and from 2008 through to 2010 the Fund was granted the status of being Valuation Exempt by the Financial Services Board. A rule change thereafter extended the benefits offered by the Fund to allow incorporation of pensioners as continued members should they opt upon retirement for a Living Annuity offered by the Fund. With this change the Fund lost its valuation exempt status and a Statutory Valuation was undertaken by Alexander Forbes Actuarial Services as at 30 June 2011, approved by the Financial Services Board on 30 November 2012. The actuarial valuation confirmed that the fund was once again in a sound financial position. Due to the fact that the inclusion of a Living Annuity option has no effect on the Fund or the Employer's liability it is anticipated that the Fund will again be granted valuation exempt status before the next statutory valuation is due.

The external auditors of the Fund issued an unqualified opinion on the Annual Financial Statements as at 30 June 2012. A modification to the insured Disability Benefit has been designed by the Trustees and is due to be implemented in 2014. Under the proposed arrangement the temporary disability period will reduce from 24 months to 12 months, the waiting period reduces from 3 months to 1 month, and income benefit will increase from 75% of salary to 100% of salary. This structural change is achieved at effectively the same premium rate. The permanent disability benefit payable after the 12 month period remains unchanged being an insured cash payment that is based on the same age related multiple of annual salary applied within the insured Death Benefit structure. The disabled member's insured sum is added to the pension accumulation and the total is used to fund a retirement annuity. The new disability arrangement is considered to be less disruptive to the work undertaken by the employer and is favoured by members who have previously been on temporary disability. The future claims experience will be closely monitored by the Fund and Employer in order to measure the sustainability of this new arrangement.

The Durban Pension Fund is a defined benefit fund administered by the eThekwini Municipality. The rules of the Fund require that the financial condition of the Fund be investigated and reported on by the Fund's actuary annually. The statutory valuation as at 2013-01-01 revealed that the Fund was 100% funded. The actuarial value of assets and liabilities was determined to be R9.9 billion (2012-01-01: R8.9 billion). The active member pool solvency reserve is 0.1% funded (compared to 60% funded at 2010-01-01 and the pensioner pool solvency reserve is 54.4% funded (compared to 100% funded at 2010-01-01). Members and the employer contribute at the rate of 7.5% and 19.68% respectively with a further contribution of 9.57% being funded by the employer surplus account. In compliance with the Fund's rules an amount of R67.7 million was contributed by Council in respect of retirement funding during the period under review.

Multi-Employer Retirement Benefit Plans:

Certain members and Council contribute to the Natal Joint Superannuation, Retirement and Provident Funds (NJMP), SALA, Multi Linked and GEPF. Employees of eThekwini Municipality make up less than 1% of the total members of the NJMPF. eThekwini's liability in these funds could not be determined owing mainly to the assets not being allocated to each employer and one set of financials being compiled for each fund and not for each employer. Two of the NJMP retirement funds are defined benefit in nature. The third fund is a provident fund which is a defined contribution fund. The last actuarial valuations of the 2 Defined Benefit Funds (March 2012) showed both funds to be fully funded as regards pensions in payment, but underfunded as regards contributing members - thus the employers are paying a surcharge. A primary reason for the surcharge is that salaries have been increased well in excess of inflation over the past number of years, which has increased the liabilities of the 2 Defined Benefit Funds. Surcharges were updated to 17.5% for Retirement fund and 9.5% for Superannuation Fund and are applicable for 8 years from July 2012 at which time it is expected that both funds will be fully funded. The 2013 valuations are still in starting phase, outcomes will only be known by November at the annual AGM of funds. A special additional surcharge is levied individually on municipalities where an employee has received a salary increase that is deemed to be excessive in comparison with the other municipalities. This has the effect of removing some of the cross-subsidisation between municipalities. Other than this, all municipalities are treated in the same manner.

Each of the funds undergoes an actuarial valuation each year in order to monitor its financial condition. If necessary the Committee of Management levies a surcharge until the fund is in a sound financial condition, as is currently the case. In this way the Committee ensures that the funds are able to afford the promised benefits.

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20. Employee benefit obligations (continued)

The asset composition of the Durban Pension Fund is summarised below:

Cash	8.70 %	27.23 %	8.70 %	27.23 %
Equity	27.76 %	38.08 %	27.76 %	38.08 %
Bonds	40.89 %	16.31 %	40.89 %	16.31 %
Property	3.88 %	3.26 %	3.88 %	3.26 %
Foreign	18.28 %	14.70 %	18.28 %	14.70 %
Other	0.49 %	0.42 %	0.49 %	0.42 %
	-	-	-	-

21. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Electricity Demand Side Management Grant	-	35,051	-	35,051
Department of Provincial and Local Government	2,000	2,000	2,000	2,000
Department of Co-Operative Governance and Traditional Affairs	7,074	8,867	7,074	8,867
Department of Transport and Public Transport Infrastructure	597,620	168,697	597,620	168,697
Department of Environmental Affairs	1,427	4,195	1,427	4,195
Expanded Public Works Incentive Grant	17,885	-	17,885	-
Neighbourhood Development Partnership	4,395	-	4,395	-
Vuna Awards	1,910	2,098	1,910	2,098
Urban Settlement Development Grant	-	28,369	-	28,369
Grant Accreditation	-	59	-	59
Metropolitan Transport Authority- Taxi Ranks	-	32	-	32
Department of Human Settlements	172,564	143,291	172,564	143,291
Lamontville and R293 Trf Deeds/Administration	1,556	1,556	1,556	1,556
Other Conditional Receipts				
European Union	8,043	8,405	8,043	8,405
Donations and Public Contributions	77,594	125,448	77,594	125,448
DANIDA	295	295	295	295
D Moss Interest and Land Sales	8,073	8,362	8,073	8,362
Department of Arts & Culture	79,731	5,482	79,731	5,482
Infrastructure Skills grant	7,234	4,077	7,234	4,077
Other Grants and Subsidies	52,437	41,370	52,437	41,370
	1,039,838	587,654	1,039,838	587,654

These amounts are invested in a ring-fenced investment until utilised. See note 28 for more detail.

eThekweni Municipality and its Municipal Entities

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	Group		Municipality	
Figures in Rand thousand	2013	2012	2013	2012

22. Provisions

Reconciliation of provisions - Group - 2013

	Opening Balance	Additions	Utilised during the year	Interest Charged	Total
Current					
Clearance of Alien Vegetation	11,646	14,361	(10,580)	-	15,427
Performance bonus	18,678	10,763	(8,303)	-	21,138
Long service awards	8,477	3,358	(499)	-	11,336
Non-current					
Environmental rehabilitation: Landfill sites	66,306	1,278	-	5,636	73,220
Clearance of Alien Vegetation	21,900	8,184	-	-	30,084
Long service awards	200,054	63,013	-	-	263,067
	327,061	100,957	(19,382)	5,636	414,272

Reconciliation of provisions - Group - 2012

	Opening Balance	Additions	Utilised during the year	Interest Charged	Total
Current					
Clearance of Alien Vegetation	9,233	10,037	(7,624)	-	11,646
Performance bonus	17,862	10,894	(10,078)	-	18,678
Long service awards	8,577	458	(558)	-	8,477
Non-current					
Environmental rehabilitation: Landfill sites	58,744	2,275	-	5,287	66,306
Clearance of Alien Vegetation	20,048	1,852	-	-	21,900
Long service awards	175,151	24,903	-	-	200,054
	289,615	50,419	(18,260)	5,287	327,061

Reconciliation of provisions - Municipality - 2013

	Opening Balance	Additions	Utilised during the year	Interest Charged	Total
Current					
Clearance of Alien Vegetation	11,646	14,361	(10,580)	-	15,427
Performance bonus	14,796	10,154	(8,303)	-	16,647
Long service awards	8,477	3,358	(499)	-	11,336
Non-current					
Environmental rehabilitation: Landfill sites	66,306	1,278	-	5,636	73,220
Clearance of Alien Vegetation	21,900	8,184	-	-	30,084
Long service awards	200,054	63,013	-	-	263,067
	323,179	100,348	(19,382)	5,636	409,781

Reconciliation of provisions - Municipality - 2012

	Opening Balance	Additions	Utilised during the year	Interest Charged	Total
Current					
Clearance of Alien Vegetation	9,233	10,037	(7,624)	-	11,646
Performance bonus	15,208	7,012	(7,424)	-	14,796
Long service awards	8,577	458	(558)	-	8,477
Non-current					
Environmental rehabilitation: Landfill sites	58,744	2,275	-	5,287	66,306
Clearance of Alien Vegetation	20,048	1,852	-	-	21,900
Long service awards	175,151	24,903	-	-	200,054
	286,961	46,537	(15,606)	5,287	323,179

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	Group		Municipality	
Figures in Rand thousand	2013	2012	2013	2012

22. Provisions (continued)

Non-current liabilities	366,371	288,260	366,371	288,260
Current liabilities	47,901	38,801	43,410	34,919
	414,272	327,061	409,781	323,179

Environmental rehabilitation: Landfill sites

The Landfill Rehabilitation Provision is created for the rehabilitation of the current operational sites at the future estimated time of closure. The value of the provision is based on the expected future cost to rehabilitate the various sites discounted back to the balance sheet date at the cost of capital, which is currently 8.5%. The Municipality has an obligation to rehabilitate these Landfill sites. The cost of such property includes the initial estimate of the costs of rehabilitating the land and restoring the site on which it is located, the obligation for which a municipality incurs as a consequence of having used the property during a particular period for landfill purposes. The Municipality estimates the useful lives and makes assumptions as to the useful lives of these assets, which influence the provision for future costs.

The asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the Municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount, and any impairment loss is recognised in surplus or deficit.

The following assumptions were used to calculate the provision:

- (1) Discount rate of 8.5% (2012: 9%);
- (2) Inflation rate of 5.5% (2012: 5.5%);
- (3) Total area expected to be rehabilitated: 800 426 square metres;(738000 square metres)
- (4) Rate per square metre: R130.16 (2012:R123) escalating every year by inflation rate;
- (5) Total area to be rehabilitated can be reconciled to the different sites as follows:

	2013	2012
Bisasa	360,326	368,000
Maranhill	193,000	140,000
Wyebank	25,000	50,000
Shallcross	29,800	50,000
Buffelsdraai	192,300	130,000

Each of the landfill sites have a different lifespan for rehabilitation ranging from 2 years to 58 years and are best estimates provided for by the respective landfill site engineers. The useful life for the Bisasar Landfill site has been extended by 3 years as at 01 July 2012.

The total rehabilitation can be reconciled as follows:

Name	O/ Balance	Interest	Additions	C/ Balance
Bisasar	42,516	3,614	(3,014)	43,116
Maranhill	12,457	1,059	6,002	19,518
Wyebank	4,751	404	(2,479)	2,676
Shallcross	4,168	354	(1,673)	2,849
Buffelsdraai	2,414	205	2,442	5,061
Totals	66,306	5,636	1,278	73,220

Long service awards

Employees who achieve 15 years service will be granted 10 days paid leave (once off) together with a service certificate signed by the Head of Department.

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22. Provisions (continued)

Employees who achieve 25 years service will be granted 15 days paid leave (once off) together with an engraved gold watch to a maximum value of R2000 (value reviewable every five (5) years) and service certificate signed by Head of Department.

Employees who achieve 40 years service will be granted 20 days paid leave (once off) and a scroll duly signed by the Mayor in recognition of loyal service rendered to the Council.

The abovementioned leave is granted in addition to the annual leave entitlement and maximum accumulation granted in terms of the National Conditions of Service, and may be taken, converted to cash in full or partially or accumulated. The abovementioned leave is only applicable to those employees who achieve the stated years of service after the effective date of these conditions.

The provision is an estimate of the long service award based on the monthly salaries rate at 30 June 2013 (2012: 30 June 2012). It has been assumed that the staff turnover rate will be insignificant based on historical data. A discount rate of 8.5 % (2012: 9%)was used based on internal rate of return.

Clearance of Alien Vegetation

The clearing of alien vegetation is required in terms of the Conservation of Agricultural Resources Act, 1983 (Act No. 43 of 1983). The Municipality has therefore made a provision for its obligation, based on future estimated costs for the next 3 years. This provision will be reviewed annually to reflect the fair value of the obligation.

Provision for invasive alien plant control / eradication is based on reliable data for growth rates, infestation rates and density. A detailed analysis, based on current costs of alien plant clearing, was undertaken. Input from numerous field staff was obtained with regard to the level of infestation of currently managed areas.

Data used for calculations:

Municipal owned land within the municipal area: 18 000 Ha
Municipal owned open space currently managed (prioritised): 2 200 Ha
Current approximate cost of clearing very high infestations of IAP's: R8 483.00 / Ha
(2012: R5200.00 / Ha).

Performance Bonus

All employees who are employed in accordance with provisions of section 57 of the Municipal Systems Act are required, in terms of their employment contracts, to sign a performance agreement and performance plan in terms of which their performance is assessed annually. The criteria in terms of which they are assessed is linked to the I.D.P. 8-point plan. Strategic focus areas and key performance indicators are set out in the plan, together with targets and weightings for each target. Employees are assessed quarterly and against these targets and a final assessment is conducted at the end of the financial year. The performance bonus paid to each employee is dependant on the overall score achieved in this assessment and is subject to the approval of the City Manager.

23. Housing development fund

Accumulated Surplus	(6,525)	(6,525)	(6,525)	(6,525)
Loans extinguished by Government on 1 April 1998	266,979	266,979	266,979	266,979
	260,454	260,454	260,454	260,454

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Figures in Rand thousand	2013	2012	2013	2012

23. Housing development fund (continued)

The housing development fund is represented by the following assets and liabilities

Property, plant and equipment	69,375	71,608	69,375	71,608
Housing selling scheme loans	129,584	127,242	129,584	127,242
Housing rental Debtors	28,271	35,187	28,271	35,187
Housing other Debtors	328	272	328	272
Housing inventory	65	94	65	94
Investments	50,196	92,398	50,196	92,398
Investment properties	16,811	17,177	16,811	17,177
Bank and cash	34,981	4	34,981	4
Assets	329,611	343,982	329,611	343,982
Long-term liabilities	306	354	306	354
Unspent Conditional Grants	39,302	45,751	39,302	45,751
Creditors	9,730	7,012	9,730	7,012
Bank Overdraft	-	10,592	-	10,592
Government Grant Reserve	19,819	19,819	19,819	19,819
Liabilities	69,157	83,528	69,157	83,528
Total Housing Development Fund Assets and Liabilities	260,454	260,454	260,454	260,454

24. Service charges

Sale of electricity	9,149,003	8,327,264	9,174,721	8,352,757
Sale of water	2,061,896	1,887,459	2,066,325	1,893,865
Solid waste	440,717	403,205	442,348	404,734
Sewerage and sanitation charges	663,029	635,915	663,029	635,915
Other service charges	152,656	140,766	152,656	140,766
Total service charges	12,467,301	11,394,609	12,499,079	11,428,037

25. Other income

Sundry Income	546,351	726,294	344,611	507,270
Fuel Levy	1,690,569	1,424,593	1,690,569	1,424,593
Moses Mabhida	11,700	7,534	11,700	7,534
	2,248,620	2,158,421	2,046,880	1,939,397

Refer to Appendix D for a Statement of Financial Performance: Moses Mabhida Stadium.

26. Interest revenue

Interest earned - External Investments	341,897	231,692	329,395	221,079
Interest earned - Outstanding Debtors	112,689	92,526	112,689	92,526
	454,586	324,218	442,084	313,605

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NOTES TO THE FINANCIAL STATEMENTS

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Figures in Rand thousand	2013	2012	2013	2012
27. Property rates				
Rates received				
Residential	1,773,354	1,672,093	1,773,354	1,672,093
Business/Commercial	1,527,682	1,356,310	1,531,972	1,374,668
Unauthorised/illegal development	17,620	20,488	17,620	20,488
Agriculture	4,235	1,554	4,235	1,554
Vacant Land	320,755	392,606	320,755	392,606
Industrial	1,304,788	886,183	1,304,788	886,183
Public Service Infrastructure	15,218	3,207	15,218	3,207
Total Assessment Rates	4,963,652	4,332,441	4,967,942	4,350,799

Valuations

Residential	263,925,286	262,901,930	263,925,286	262,901,930
Business/Commercial	86,615,122	86,687,690	86,615,122	86,687,690
Unauthorised/illegal development	702,083	180,890	702,083	180,890
Agricultural	2,436,976	2,397,649	2,436,976	2,397,649
Vacant Land	11,884,164	10,771,038	11,884,164	10,771,038
Industrial	47,274,599	51,003,590	47,274,599	51,003,590
Public Service Infrastructure	15,678,604	12,093,564	15,678,604	12,093,564
Development Phasing Development	145,392	-	145,392	-
Total Property Valuations	428,662,226	426,036,351	428,662,226	426,036,351

The following are the rate randages that were applied to the valuations in respect of the various categories: Residential - R 0.00914 (2012:R 0.00907); Agriculture - R 0.00228 (2012: R0.00227); Vacant Land - R 0.04376 (2012: R0.04345); Industrial - R 0.02674 (2012:R 0.02655); Business and Commercial - R 0.02072 (2012:R 0.02057); Public Service Infrastructure - R 0.00228 (2012:R0.00227). All residential property owners are exempt from paying rates on the first R120 000 (2012: R120 000) of their property value. Pensioners, child-headed households, disability grantees and the medically boarded are exempt from paying rates on the first R400 000 (2012:R400 000) of their property value (inclusive of the R120 000 referred to earlier). No rates are levied on the first R30 000 (2012: R30 000) value of vacant land.

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Figures in Rand thousand	2013	2012	2013	2012
28. Government grants and subsidies				
Equitable Share	1,769,412	1,581,802	1,769,412	1,581,802
Expanded Public Works Programme Incentive	24,471	22,860	24,471	22,860
European Union	380	1,600	380	1,600
Primary Health Care Provincial Subsidy	68,957	56,111	68,957	56,111
Department of Transport and Public Transport Infrastructure	128,520	354,161	128,520	354,161
Department of Environmental Affairs	2,768	6,912	2,768	6,912
Vuna Awards	188	800	188	800
2010 KZN Provincial Grant	-	14,789	-	14,789
Demand Side Management	31,772	13,228	31,772	13,228
Urban Settlement Development Grant	1,315,929	1,063,205	1,315,929	1,063,205
Other Grants	82,062	149,652	82,062	149,652
Public Contributions	46,916	6,131	46,916	6,131
Neighbourhood Development Partnership	3,514	2,091	3,514	2,091
Department of Human Settlements	153,030	116,383	153,030	116,383
Danida	-	641	-	641
Grant Accreditation	4,584	240	4,584	240
Department of Co-Operative Government and Traditional Affairs	1,793	5,369	1,793	5,369
Metropolitan Transport Authority - Taxi Ranks	32	1,228	32	1,228
Infrastructure Skills Grant	19,773	10,423	19,773	10,423
D Moss Land Sales and Interest	289	-	289	-
Department of Arts and Culture	3,360	2,115	3,360	2,115
	3,657,750	3,409,741	3,657,750	3,409,741

Equitable Share

Current-year receipts	1,769,412	1,581,802	1,769,412	1,581,802
Conditions met - transferred to revenue	(1,769,412)	(1,581,802)	(1,769,412)	(1,581,802)
	-	-	-	-

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members..

D Moss Interest and Land sales

Balance unspent at beginning of year	8,362	8,362	8,362	8,362
Conditions met - transferred to revenue	(289)	-	(289)	-
	8,073	8,362	8,073	8,362

The above relates to funding for the acquisition of D Moss land.

Department of Environmental Affairs

Balance unspent at beginning of year	4,195	1,557	4,195	1,557
Current-year receipts	-	9,550	-	9,550
Conditions met - transferred to revenue	(2,768)	(6,912)	(2,768)	(6,912)
	1,427	4,195	1,427	4,195

Funding was obtained from various sources and local industries for the implementation of the South Durban Basin Multi Point Plan. The expenditure is incurred over a multi year period based on the rollout of the projects per programme. Further funding will be expended based on the outcome of the Air Quality Management Plan which is currently underway. This grant is received from Department of Environmental Affairs for the National Greening Programme and the promotion of non-motorised transport with the aim of reducing gas emissions.

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Figures in Rand thousand	2013	2012	2013	2012

28. Government grants and subsidies (continued)

Department of Transport and Public Transport Infrastructure

Balance unspent at beginning of year	168,697	317,859	168,697	317,859
Current-year receipts	599,702	204,999	599,702	204,999
Grant withheld	(42,259)	-	(42,259)	-
Conditions met - transferred to revenue	(128,520)	(354,161)	(128,520)	(354,161)
	597,620	168,697	597,620	168,697

This grant is received from the Department of Transport for the design and construction of the dedicated public transport lanes, stations and other related infrastructure as part of the Integrated Rapid Public Transport Network..

Neighbourhood Partnership Development

Balance unspent at beginning of year	-	2,091	-	2,091
Current-year receipts	10,000	-	10,000	-
Grant withheld	(2,091)	-	(2,091)	-
Conditions met - transferred to revenue	(3,514)	(2,091)	(3,514)	(2,091)
	4,395	-	4,395	-

Focus of the grant is to create economic infrastructure in dormitory townships that will attract private sector investment.

European Union

Balance unspent at beginning of year	8,405	9,923	8,405	9,923
Current-year receipts	18	82	18	82
Conditions met - transferred to revenue	(380)	(1,600)	(380)	(1,600)
	8,043	8,405	8,043	8,405

Funds used for Capacity Enhancement / Knowledge Management in terms of close our report.

Other Grants and Subsidies

Balance unspent at beginning of year	41,370	43,988	41,370	43,988
Current-year receipts	93,129	147,034	93,129	147,034
Conditions met - transferred to revenue	(82,062)	(149,652)	(82,062)	(149,652)
	52,437	41,370	52,437	41,370

Other Grants and subsidies were utilised during the year to fund various Council projects.

Department of Human Settlements

Balance unspent at beginning of year	143,291	198,132	143,291	198,132
Current-year receipts	182,303	61,542	182,303	61,542
Conditions met - transferred to revenue	(153,030)	(116,383)	(153,030)	(116,383)
	172,564	143,291	172,564	143,291

Funding for the administration of Hostels in KwaZulu Natal.

Lamontville R293 Trf Deeds / Administration

Balance unspent at beginning of year	1,556	1,556	1,556	1,556
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Figures in Rand thousand	2013	2012	2013	2012

28. Government grants and subsidies (continued)

This grant was used to fund the maintenance of the Lamontville houses as well as transfer of the R293 township houses to the beneficiaries.

DANIDA

Balance unspent at beginning of year	295	936	295	936
Conditions met - transferred to revenue	-	(641)	-	(641)
	295	295	295	295

These funds are used to enhance existing capacity in Urban Environmental Management. This programme prioritizes poverty reduction and building institutional capacity for enhanced local level delivery of environmentally sustainable services.

Grant Accreditation

Balance unspent at beginning of year	59	299	59	299
Current-year receipts	4,525	-	4,525	-
Conditions met - transferred to revenue	(4,584)	(240)	(4,584)	(240)
	-	59	-	59

These funds are for the administrative support provided for RDP houses.

Department of Co-Operative Governance and Traditional Affairs

Balance unspent at beginning of year	8,867	7,311	8,867	7,311
Current-year receipts	-	6,925	-	6,925
Conditions met - transferred to revenue	(1,793)	(5,369)	(1,793)	(5,369)
	7,074	8,867	7,074	8,867

Funds used for the construction of a Factory for Hazelmere Lungisa Indlela Village and to draft a land use management scheme for Shongweni Local Area Plan.

Donations and Public Contributions

Balance unspent at beginning of year	125,448	129,866	125,448	129,866
Current-year receipts	862	1,713	862	1,713
Reversal of Prior Year Accrual	(1,800)	-	(1,800)	-
Conditions met - transferred to revenue	(46,916)	(6,131)	(46,916)	(6,131)
	77,594	125,448	77,594	125,448

These grants were received from various organisations to finance various developments. In the prior year this includes development of Nandi Drive and various roads in Hillcrest.

2010 KZN Government Grant

Balance unspent at beginning of year	-	14,789	-	14,789
Conditions met - transferred to revenue	-	(14,789)	-	(14,789)
	-	-	-	-

The grant was received for the building of the stadium and other constructions in preparation for 2010 FIFA World Cup.

Metropolitan Transport Authority - Taxi Ranks

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	Group		Municipality	
Figures in Rand thousand	2013	2012	2013	2012
28. Government grants and subsidies (continued)				
Balance unspent at beginning of year	32	32	32	32
Current-year receipts	-	1,228	-	1,228
Conditions met - transferred to revenue	(32)	(1,228)	(32)	(1,228)
	-	32	-	32

Funding from eThekweni Transport Fund to contribute towards the upgrading of Taxi Ranks.

Electricity Demand Side Management Grant

Balance unspent at beginning of year	35,051	3,279	35,051	3,279
Current-year receipts	-	45,000	-	45,000
Grant withheld	(3,279)	-	(3,279)	-
Conditions met - transferred to revenue	(31,772)	(13,228)	(31,772)	(13,228)
	-	35,051	-	35,051

This grant was used to finance the gas-to-electricity capital project.

Department of Provincial and Local Government

Balance unspent at beginning of year	2,000	2,000	2,000	2,000
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Grant to be utilised for the Shembe Development Precinct (Rural ABM) and the acquisition of land for the Bridge City Project (INK).

Primary Health Care Provincial Subsidy

Current-year receipts	68,957	56,111	68,957	56,111
Conditions met - transferred to revenue	(68,957)	(56,111)	(68,957)	(56,111)
	-	-	-	-

The Municipality renders health services on behalf of the Provincial Government. This grant has been used exclusively to fund clinic services (included in the public health vote in Appendix C). The conditions of the grant have been met.

Urban Settlements Development Grant

Balance unspent at beginning of year	28,369	1,091,574	28,369	1,091,574
Current-year receipts	1,287,560	-	1,287,560	-
Conditions met - transferred to revenue	(1,315,929)	(1,063,205)	(1,315,929)	(1,063,205)
	-	28,369	-	28,369

This grant was utilised for housing densification, water, electricity and sanitation infrastructure, sidewalks, agricultural gardens and various town centre renewals. This grant has replaced the former Municipal Infrastructure Grant.

Expanded Public Works Incentive Grant

Balance unspent at beginning of year	-	22,860	-	22,860
Current-year receipts	42,356	-	42,356	-
Conditions met - transferred to revenue	(24,471)	(22,860)	(24,471)	(22,860)
	17,885	-	17,885	-

This grant is received from the National Department of Public Works for creating job opportunities for unemployed persons and so allowing them economic participation and resulting in poverty alleviation.

Vuna Awards

eThekweni Municipality and its Municipal Entities

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	Group		Municipality	
Figures in Rand thousand	2013	2012	2013	2012

28. Government grants and subsidies (continued)

Balance unspent at beginning of year	2,098	2,898	2,098	2,898
Conditions met - transferred to revenue	(188)	(800)	(188)	(800)
	1,910	2,098	1,910	2,098

The Vuna Awards is an initiative of the Department of Provincial and Local Government, together with its partners in the coordination of development in local government, the South African Local Government Association, Development Bank of Southern Africa and the National Productivity Institute. The Vuna Awards, as the awards are called, reward the municipalities that provide communities excellent services and governance.

Department of Arts & Culture

Balance unspent at beginning of year	5,482	2,614	5,482	2,614
Current-year receipts	77,609	4,983	77,609	4,983
Conditions met - transferred to revenue	(3,360)	(2,115)	(3,360)	(2,115)
	79,731	5,482	79,731	5,482

The Grant is for the operating expenditure for the libraries and capital costs for the upgrade of the Central Library.

Infrastructure Skills Grant

Balance unspent at beginning of year	4,077	-	4,077	-
Current-year receipts	22,930	14,500	22,930	14,500
Conditions met - transferred to revenue	(19,773)	(10,423)	(19,773)	(10,423)
	7,234	4,077	7,234	4,077

Funding to equip Engineering graduates in achieving professional registration in water and waste water related skills.

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Figures in Rand thousand	2013	2012	2013	2012
29. Employee related costs				
Employee related costs-Salaries and Wages	3,909,000	3,593,697	3,815,498	3,506,256
Medical aid and pension benefits	1,002,981	2,100,775	1,002,981	2,100,775
UIF	40,974	35,344	32,090	27,963
Leave pay provision contribution	182,585	129,515	182,157	127,710
Travel, motor car, accommodation, subsistence and other allowances	189,469	167,610	189,469	167,610
Overtime payments	442,036	346,258	438,708	342,807
Housing benefits and allowances	17,884	19,196	17,884	19,196
Holiday Bonus	273,378	247,763	273,378	247,763
Other	35,370	28,684	31,521	28,471
Less: Employee costs relating to capitalisation and maintenance of PPE	(100,602)	(92,811)	(100,602)	(92,811)
	5,993,075	6,576,031	5,883,084	6,475,740
Remuneration of municipal manager-Mr .S. Sithole (appointed 03/01/2012)				
Annual Remuneration	2,062	960	2,062	960
Car Allowance	180	90	180	90
Contributions to UIF, Medical and Pension Funds	24	11	24	11
	2,266	1,061	2,266	1,061
Remuneration of chief finance officer				
Annual Remuneration	1,241	1,163	1,241	1,163
Car Allowance	397	372	397	372
Market Allowances	242	242	242	242
Contributions to UIF, Medical and Pension Funds	272	254	272	254
	2,152	2,031	2,152	2,031
Safety and Security				
Annual Remuneration	-	1,552	-	1,552
Contributions to UIF, Medical and Pension Funds	6	20	6	20
Severance Pay	261	-	261	-
Arbitration Award	388	-	388	-
	655	1,572	655	1,572
Governance				
Annual Remuneration	1,241	1,163	1,241	1,163
Car Allowance	397	372	397	372
Contributions to UIF, Medical and Pension Funds	267	251	267	251
Market allowance	121	121	121	121
	2,026	1,907	2,026	1,907
Corporate and human resources				
Annual Remuneration	609	-	609	-
Car Allowance	45	-	45	-
Contributions to UIF, Medical and Pension Funds	17	-	17	-
	671	-	671	-

eThekweni Municipality and its Municipal Entities

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NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2013	2012	2013	2012
29. Employee related costs (continued)				
Appointed: 1 February 2013				
Health and social services				
Annual Remuneration	1,465	1,368	1,465	1,368
Car Allowance	120	120	120	120
Contributions to UIF, Medical and Pension Funds	40	36	40	36
	1,625	1,524	1,625	1,524
Procurements and infrastructure				
Annual Remuneration	-	1,590	-	1,590
Car Allowance	-	120	-	120
Contributions to UIF, Medical and Pension Funds	34	59	34	59
Market allowance	-	210	-	210
Severance Pay	962	-	962	-
	996	1,979	996	1,979
Resigned: 30 June 2012.				
Sustainable Development and City Enterprises				
Annual Remuneration	642	-	642	-
Car Allowance	54	-	54	-
Contributions to UIF, Medical and Pension Funds	22	-	22	-
	718	-	718	-
Appointed: 21 January 2013				
Remuneration of the Municipal Manager-Dr. M. Sutcliffe(01/07/2011-31/12/2011)				
Annual Remuneration	-	823	-	823
Car Allowance	-	51	-	51
Contributions to UIF, Medical and Pension Funds	-	20	-	20
Market Allowance	-	191	-	191
	-	1,085	-	1,085
I.C.C. Remuneration of the Chief Executive Officer				
Annual Remuneration	1,760	1,097	-	-
I.C.C. Remuneration of Executive Managers				
Annual Remuneration	3,439	3,790	-	-
Performance Bonuses	-	258	-	-
Contributions to UIF, Medical and Pension Funds	313	334	-	-
	3,752	4,382	-	-
Durban Marine Theme Park				
Chairman Fees	221	96	-	-
Director Fees	461	156	-	-

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NOTES TO THE FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2013	2012	2013	2012
29. Employee related costs (continued)				
Accounting Officer Fees	176	210	-	-
	858	462	-	-
30. Remuneration of councillors				
Councillors	88,538	84,751	88,538	84,751
Mayor	1,087	734	1,087	734
Deputy Mayor	872	797	872	797
Mayoral Committee Members	4,701	4,244	4,701	4,244
Speaker	940	819	940	819
Councillors	80,181	73,184	80,181	73,184
Traditional Leaders	757	4,973	757	4,973
Total Councillors' Remuneration	88,538	84,751	88,538	84,751

In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

The Mayor has three full-time bodyguards . The Deputy Mayor and Speaker have two full-time bodyguards.

The mayoral committee consists of 9 members.

The municipality's council is made up of 193 Councillors (including the Mayoral Committee members but excluding the Mayor, Deputy Mayor and the Speaker). TT

31. Finance costs

Non-current borrowings	887,786	851,984	878,603	843,478
Consumer Deposits	12,077	11,281	12,077	11,281
Other interest paid	38,575	8,826	41,086	11,522
	938,438	872,091	931,766	866,281

An amount of R102.3m (2012:R121.5m) relating to borrowing costs was capitalised to work-in-progress with 8.73% (2012:8.73%) being the weighted average cost of funds borrowed generally by the municipality.

32. Bulk purchases

Electricity	6,190,307	5,510,492	6,190,307	5,510,492
Water	1,367,167	1,156,478	1,367,167	1,156,478
	7,557,474	6,666,970	7,557,474	6,666,970

eThekweni Municipality and its Municipal Entities

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NOTES TO THE FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2013	2012	2013	2012
33. Grants and subsidies paid				
Other subsidies				
Grant paid: Enhanced Extended Discount Benefit	5,471	8,926	5,471	8,926
Grant Paid:Sporting Organisations	46,522	41,829	46,522	41,829
Grant Paid:South African Association of Marine Biology Research	50,253	44,281	50,253	44,281
Grant Paid:Playhouse Company	3,587	3,087	3,587	3,087
Grant Paid:Natal Philharmonic Orchestra	7,373	7,022	7,373	7,022
Grant Paid:Tourism Indaba	15,539	13,685	15,539	13,685
Grant Paid:Trade Point Durban	1,206	1,206	1,206	1,206
Grant Paid:Food Aid Program	10,739	9,876	10,739	9,876
Grants Paid: Other	30,571	(3,818)	33,301	11,782
	171,261	126,094	173,991	141,694
34. Fair value adjustments				
Fair value Adjustment-Debtors	3,522	667	3,522	667
Fair Value adjustments-Creditors	8,845	(6,006)	8,845	(6,006)
Fair Value adjustments-Longterm receivables	(1,098)	(404)	(1,098)	(404)
	11,269	(5,743)	11,269	(5,743)

eThekweni Municipality and its Municipal Entities

Financial Statements for the year ended 30 June 2013

NOTES TO THE FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2013	2012	2013	2012
35. General expenses				
Advertising	19,375	13,280	17,053	12,061
Auditors remuneration	28,051	22,039	26,578	20,677
Bank charges	5,403	5,321	3,998	3,934
Cleaning	18,802	18,561	17,364	16,828
Commission paid	21,974	19,026	21,765	18,648
Consulting and professional fees	40,140	34,776	32,548	32,860
Delivery expenses	3,836	3,744	3,836	3,744
Civic Entertainment	10,686	2,755	10,685	2,754
Animal Costs	3,816	3,495	3,816	3,495
Hire	76,835	79,756	76,835	79,756
Insurance	14,097	14,474	14,081	14,241
Community development and training	23,259	18,771	23,259	18,771
Conferences and seminars	2,376	637	2,376	637
IT expenses	33,400	26,675	32,920	26,263
Lease rentals on operating lease	44,139	53,539	42,207	52,831
Marketing	41,457	32,587	29,704	19,382
Levies	9,208	5,980	7,917	4,825
Magazines, books and periodicals	6,655	8,567	6,633	8,559
Medical requisites	20,091	20,709	20,091	20,709
Fuel and oil	209,887	178,654	209,788	178,555
Postage and courier	25,841	25,188	25,836	25,163
Printing and stationery	35,422	34,778	34,268	33,654
Promotions	64,558	49,454	64,558	49,454
Research costs	9,613	4,586	9,613	4,586
Secretarial fees	51,085	56,377	48,950	53,450
Security (Guarding of municipal property)	5,576	7,844	2,154	4,829
Staff welfare	307	132	-	14
Subscriptions and membership fees	14,234	10,087	13,925	9,782
Telephone and fax	62,530	62,282	61,400	60,885
Transport and freight	62,023	51,528	59,245	50,296
Training	80,178	71,484	80,043	71,171
Travel - local	32,822	31,362	32,325	30,881
Refuse	35,641	50,476	29,356	43,689
Stock Adjustments	1,508	2,014	1,155	1,466
Electricity	133,662	113,451	133,662	113,451
Gas	1,120	941	1,120	941
Sewerage and waste disposal	29,605	34,069	29,605	34,069
Refuse Bags	44,058	46,506	44,058	46,506
Recycling	7,543	5,371	7,543	5,371
Tourism development	6,259	2,566	6,259	1,734
Other Sponsorships and Subsidies	5,175	7,578	5,175	7,578
Stadium Operational Costs	88,541	77,207	88,541	77,207
Urban Improvement Precincts	18,050	30,604	18,050	30,604
Safety Equipment	3,181	2,715	3,181	2,715
Small plant and tools	4,034	3,698	4,034	3,698
Venue Decorative expenses	2,735	2,318	2,735	2,318
Other expenses	213,828	101,784	182,664	73,945
	1,672,616	1,449,746	1,592,909	1,378,987

eThekweni Municipality and its Municipal Entities

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NOTES TO THE FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2013	2012	2013	2012
36. Cash generated from operations				
Surplus	2,729,934	1,759,890	2,702,931	1,724,790
Adjustments for:				
Depreciation: PPE	1,595,412	1,537,345	1,534,796	1,474,961
Gain on disposal of PPE	(19,656)	(65,241)	(19,619)	(65,232)
Loss on sale of PPE	2,431	7,314	1,685	6,495
Depreciation: Investment Properties	4,517	4,579	1,756	1,809
Contribution to provisions - non current	78,111	34,317	78,111	34,317
Fair value adjustments	(11,269)	5,743	(11,269)	5,743
Amortisation: Intangible assets	42,798	42,582	42,031	41,830
Share of interest in Joint Venture	-	-	(1,231)	(9,755)
Contribution to provisions - current	9,100	3,129	8,491	1,901
Impairment deficit	20,734	12,040	20,648	12,040
Debt impairment	886,640	394,630	814,513	393,592
Reversal of Impairment	(2,649)	-	(2,364)	-
Movements in retirement benefit assets and liabilities	(35,398)	1,175,505	(35,398)	1,175,505
Loss on impairment of investment in Municipal entity	-	-	117,689	35,557
Donations received: PPE	(2,641)	(1,759)	(2,641)	(1,759)
Changes in working capital:				
Inventories	(699)	(24,152)	2,079	(24,005)
Receivables from exchange transactions	(404,743)	(55,272)	(402,938)	(39,286)
Consumer debtors	(710,350)	(504,503)	(715,770)	(533,152)
Increase in deferred income	1,078	1,538	-	-
Payables from exchange transactions	44,325	330,283	45,968	324,120
VAT	(5,183)	8,556	(6,355)	12,066
Unspent conditional grants and receipts	452,184	(180,084)	452,184	(170,684)
Consumer deposits	130,762	123,241	126,527	128,162
	4,805,438	4,609,681	4,751,824	4,529,015

37. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term liabilities	10,002,011	10,786,025	9,886,788	10,679,006
Used to finance property, plant and equipment – at cost	(10,002,011)	(10,786,025)	(9,886,788)	(10,679,006)
	-	-	-	-

eThekweni Municipality and its Municipal Entities

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	Group		Municipality	
Figures in Rand thousand	2013	2012	2013	2012

38. Commitments

Authorised capital expenditure

Approved and contracted for

• Infrastructure	1,348,992	1,338,553	1,348,992	1,338,553
• Community	46,427	82,641	46,427	82,641
• Land and buildings	59,092	3,765	59,092	3,765
• Other assets	32,630	33,897	32,630	33,897
	1,487,141	1,458,856	1,487,141	1,458,856

Approved but not yet contracted for

• Infrastructure	554,718	439,583	554,718	439,583
• Community	137,167	38,289	137,167	38,289
• Other assets	49,000	2,631	49,000	2,631
	740,885	480,503	740,885	480,503

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	27,109	35,373	27,109	35,373
- in second to fifth year inclusive	125,184	127,505	125,184	127,505
- later than five years	9,532	38,409	9,532	38,409
	161,825	201,287	161,825	201,287

Operating leases - as lessor (income)

Minimum lease payments due

- within one year	18,901	17,759	-	-
- in second to fifth year inclusive	36,649	36,117	-	-
	55,550	53,876	-	-

Durban Marine Theme Park Pty (Ltd) : The operating leases relate to rental contracts derived from Ushaka Village Walk. The lease agreements were entered into on various dates and will be operational for varying periods, the last expiring on 30 June 2018. For the purposes of calculating the lease commitments, options to renew the leases on expiry have been ignored. The rental escalation percentage varies from lease to lease, the average being about 10%.

Municipality:

Rental Income recognised from operating leases have not been accounted for on the straight-line basis over the lease terms for the following reasons:

Approximately 50% of lease income is short term ie. the lease is terminable at 1 to 3 months notice;

Approximately 45% of long term lease income is based on turnover ie. subjective and not fixed.

Lease income is recognised as it accrues. The straight-lining of lease income is considered not to provide a fair reflection of income from leases.

39. Contingencies

Contractual Disputes	57,929	1,203	57,929	1,203
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Various departments within the municipality have price disputes with certain contractors.

Self Insurance Reserve	51,429	71,183	51,429	71,183
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Various claims submitted to the Insurance department of the municipality are under dispute. The estimated liability of such claims is disclosed.

eThekweni Municipality and its Municipal Entities

Financial Statements for the year ended 30 June 2013

NOTES TO THE FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2013	2012	2013	2012

39. Contingencies (continued)

Property Rates	217,115	330,872	217,115	330,872
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During the implementation of the Municipal Property Rates Act (MPRA), ratepayers were given the opportunity to object to the property valuations used in the computation of their property rates charge. These objections were investigated and resolved. Ratepayers that were dissatisfied with the results of the response had the right to lodge an appeal in terms of the MPRA. The appeals process has commenced. If the ratepayers are successful in their appeal, the above rates revenue recognised for the year will have to be reversed.

Bank Guarantees	79,584	65,584	79,584	65,584
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These guarantee's are issued in favour of the following:

- The Member(s), Jeena's Warehouse Close Corporation: R3.6m (Standard Bank) dated 19 May 1999;
- S.A. Post Office: R76 000 (Standard Bank) dated 14 October 1997;
- S.A. Post Office: R1.9m (Standard Bank) dated 6 August 1997;
- ESKOM Holdings: R7 800 (Standard Bank) dated 1 November 2011;
- Compensation Commissioner: R55m (Standard Bank) ;
- Durban Marine Theme Park: R10m (Standard Bank) dated 29 January 2009;
- The South African Insurance Association: R9m (Standard Bank)

Legal Claims	638,908	130,874	638,908	130,874
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Various claims submitted to the legal department of the municipality are in the process of being resolved. The estimated liability of such claims, should the claimant be successful, is disclosed.

Legal disputes relate to:

- Cancellation of contract: R34.5m;
- Rates dispute: R6.3m;
- Value of compensation in respect of expropriation of various properties R542.9m
- Claims for damages - various: R53.5m
- Various and other minor legal disputes R1.7m

Municipal Entity - Durban Marine Theme Park	107,801	-	107,801	-
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A debenture held in Durban Marine Theme Park is convertible at the option of the holder into ordinary shares. Should the holder not exercise the option to convert, the debenture is redeemable at the option of either the issuer or the bearer. On redemption the debenture capital is repayable in 3 equal capital tranches during 2015, 2016 and 2017. The Municipality shall fund this obligation should the Municipal Entity be unable to meet it's obligations in terms of this repayment when it falls due

Labour Disputes:	-	-	-	-
The financial impact of these disputes is not yet known due to their inherent complexities:	-	-	-	-
	-	-	-	-

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	Group		Municipality	
Figures in Rand thousand	2013	2012	2013	2012

39. Contingencies (continued)

(a): Conditions of Service:

The Municipality had appealed the labour court judgement regarding divisional agreements about the conditions of service that were subject of dispute between the Unions and the Municipality. The supreme court of appeal dismissed the appeal subsequent to year-end. The legal and human resource departments are currently studying the judgement. The financial impact of the judgement is not yet known due to complexity of the matter as the historical information and circulars have to be re-created, extracting data from current and legacy systems. In addition, this would also involve identifying people that belonged to the former entities, which would be a manual exercise dating back as far as 2007. The financial impact of this dispute is not yet known due to the complexity of the matter.

(b): Wage curve collective agreement:

On 10 July 2012, the Labour court found that the wage curve which was implemented on 1 July 2010 in accordance with a collective agreement concluded in the South African Local Government Bargaining Council, should have been adjusted by the wage increase granted from 1 July 2010. The SALGA, following legal advice, has applied for and been granted leave to appeal against this judgement in the Labour Appeal court. SALGA has advised all municipalities not to implement the Labour court ruling and to await the outcome of the Labour Appeal court case. The financial impact of this dispute is not yet known due to the complexity of the matter.

eThekwini Municipality and its Municipal Entities

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NOTES TO THE FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2013	2012	2013	2012
40. Related parties				
Relationships				
Municipal Entities	Durban Marine Theme Park (Proprietary) Limited I.C.C. Durban (Proprietary) Limited (refer to note 14)			
Joint ventures	EtheKwini Transport Authority Joint Venture Riverhorse Valley Joint Venture (refer to note 15)			
Councillors / Official with significant influence	Durban Infrastructural Development Trust Trustees: G.M.Borman - Councillor R.D.Macpherson - Councillor V.G.Reddy - Councillor J.Balwanth - Council official M.Tembe - Independent 3rd party P.Ngcobo - Independent 3rd party K. Ragunandan - Independent 3rd party			
Related party balances				
Loan accounts - Owing by related parties				
Durban Infrastructural Development Trust			108,183	145,299
Amounts included in Trade Receivable regarding related parties				
I.C.C. Durban (Proprietary) Limited			1,729	1,300
Durban Marine Theme Park (Proprietary) Limited			2,322	2,283
			4,051	3,583
Amounts included in Trade Payable regarding related parties				
I.C.C. Durban (Proprietary) Limited			3,222	486
Durban Marine Theme Park (Proprietary) Limited			-	520
EtheKwini Transport Authority			54,047	51,897
			57,269	52,903
Related party transactions				
Sales to related parties				
I.C.C. Durban (Proprietary) Limited:				
Electricity			8,906	8,704
Water			1,312	1,157
Refuse			511	659
Gross Rates			4,290	18,358
Grant-in-Aid (Rates)			-	(10,500)
Durban Marine Theme Park (Proprietary) Limited				
Electricity			16,807	16,687
Water			3,117	5,249
Waste			1,120	870
Insurance			1,246	1,243
Advance Fire Training			-	33
Riverhorse Valley Joint Venture				
Electricity and Water			5	61
Income from Joint Venture			1,231	9,755
Purchases from related parties				
I.C.C. Durban (Proprietary) Limited:				
General Expenses			32,965	87,068
Durban Marine Theme Park (Proprietary) Limited				

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Figures in Rand thousand	Group		Municipality	
	2013	2012	2013	2012
40. Related parties (continued)				
General Expenses			3,977	1,782
Ethekeeni Transport Authority				
General Expenses			2,512	2,696
Grant-in-Aid			2,730	5,100

41. Prior year adjustments / Change in accounting policy

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality and Municipal Entities:

Consumer Debtors:

A write-off of outstanding rates prior to the 2008/09 financial year relating to properties owned by the Ingonyama Trust in terms of a Supreme Court decision. There was no loss to Council as this amount was previously fully provided for as a bad debt provision, which has now also been written back as a prior year adjustment.
Transfer of Housing Loans to Long term receivables.

Creditors:

PPE adjustments in respect of over accruals and non-stock items.
Elimination of internal departmental insurance claims.

Property, Plant and Equipment and Intangible Assets:

Moveable assets that were not recorded in the fixed asset register have been recorded at fair value. Depreciation adjustments have also been processed as a result of these fair value assets as well as the extension of useful lives of assets that had reached nil book values. Amortisation costs incorrectly raised have been reversed. Items relating to Heritage assets have been transferred out of PPE and are now separately disclosed.

Unspent Conditional Grants:

Reversal of grant incorrectly accrued for in prior year as well as the revenue recognition relating to a grant spent but not transferred in 2010/11.

Heritage Assets: (Accounting policy change)

Re-classification of these items in accordance with GRAP 103 (Heritage Assets) that were previously disclosed as part of PPE.

Other Debtors:

Reversal of an accrual for an unspent grant.
Elimination of internal departmental insurance claims.

VAT:

VAT portion of reversal of grant incorrectly accrued for in 2011/12.

Long-term Receivables:

Re-classification: Transfer of Housing loans from Consumer Debtors - 2011/12.

Consumer Debtors

Balance previously reported	-	2,754,804	-	2,753,087
Rates adjustments - prior to 2011/12	-	(167,630)	-	(167,630)
Rates adjustments - 2011/12	-	(21,316)	-	(21,316)
Write-off of Ingonyama Rates - prior to 2011/12	-	(12,657)	-	(12,657)
Write-back of Ingonyama Rates Bad Debt	-	12,657	-	12,657
Provision - prior to 2011/12	-		-	
Re-classification: Transfer of Housing loans to long-term receivables - 2011/12	-	(1,727)	-	(1,727)
	-	2,564,131	-	2,562,414

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	Group		Municipality	
Figures in Rand thousand	2013	2012	2013	2012
41. Prior year adjustments / Change in accounting policy (continued)				
Creditors				
Balance previously reported	-	4,838,964	-	4,843,862
Over-accrual of cost of PPE - 2011/12	-	(5,828)	-	(5,828)
PPE adjustment i.r.o. non-stock items - 2011/12	-	92	-	92
Other Debtors - elimination of departmental insurance claims - 2011/12	-	(146,664)	-	(146,664)
	-	4,686,564	-	4,691,462
Property, Plant and Equipment				
Balance previously reported	-	33,870,555	-	32,786,820
Depreciation, Impairment, Fair value and write-off adjustments - 2011/12	-	(28,047)	-	(28,421)
Depreciation, Impairment, Fair value and write-off adjustments - prior to 2011/12	-	10,049	-	4,655
Cost of asset over accrued for - 2011/12	-	(5,828)	-	(5,828)
Creditors adjustment i.r.o. non-stock items - 2011/12	-	92	-	92
Re-classification: Transfer to Heritage assets	-	(9,501)	-	(9,501)
	-	33,837,320	-	32,747,817
Intangible Assets				
Balance previously reported	-	631,713	-	630,625
Amortisation adjustment - 2011/12	-	20,215	-	20,296
Amortisation adjustment - prior to 2011/12	-	10,142	-	9,442
	-	662,070	-	660,363
Unspent Conditional Grants				
Balance previously reported	-	599,421	-	599,421
Transfer of grant previously incorrectly reflected as unspent - prior to 2011/12	-	(9,400)	-	(9,400)
Other Debtors: Reversal of grant incorrectly accrued for in 2011/12	-	(2,367)	-	(2,367)
	-	587,654	-	587,654
Heritage Assets				
Balance previously reported	-	-	-	-
Re-classification: Transfer from Property, Plant & Equipment	-	9,501	-	9,501
	-	9,501	-	9,501

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Figures in Rand thousand	2013	2012	2013	2012
41. Prior year adjustments / Change in accounting policy (continued)				
Accumulated Surplus				
Balance previously reported	-	25,263,284	-	24,657,555
Consumer Debtors: Rates Income adjustment - prior to 2011/12	-	(167,631)	-	(167,631)
Consumer Debtors: Rates Income adjustment - 2011/12	-	(21,316)	-	(21,316)
Unspent Conditional Grants: Recognition of grant previously incorrectly reflected as unspent - prior to 2011/12	-	9,400	-	9,400
Consumer Debtors: Write-off of Ingonyama Rates - prior to 2011/12	-	(12,657)	-	(12,657)
Consumer Debtors: Write-back of Ingonyama Rates Bad Debt Provision - prior to 2011/12	-	12,657	-	12,657
PPE & Intangibles adjustments - prior to 2011/12	-	15,630	-	14,098
PPE & Intangibles adjustments - 2011/12	-	(7,999)	-	(8,125)
Other income adjustment - 2011/12	-	3	-	3
USHAKA - prior to 2011/12	-	4,279	-	-
USHAKA - 2011/12	-	(54)	-	-
	-	25,095,596	-	24,483,984
Other Debtors				
Balance previously reported	-	2,847,456	-	2,834,316
Unspent Grants: Reversal of grant incorrectly accrued for in 2011/12	-	(2,695)	-	(2,695)
Creditors: elimination of departmental insurance claims - 2011/12	-	(146,664)	-	(146,664)
	-	2,698,097	-	2,684,957
VAT				
Balance previously reported	-	27,211	-	26,622
Unspent Grants: VAT portion of reversal of grant incorrectly accrued for in 2011/12	-	331	-	331
	-	27,542	-	26,953
Long-term Receivables				
Balance previously reported	-	286,277	-	286,277
Re-classification: Transfer of Housing loans from Consumer Debtors - 2011/12	-	1,727	-	1,727
	-	288,004	-	288,004
Investment Property				
Balance previously reported	-	376,451	-	260,100
Accumulated Depreciation adjustment prior to 2011/2012	-	(245)	-	-
Adjustment for 2011/2012	-	(257)	-	-
Re-classification: Transfer to Inventories - JV properties	-	(42,573)	-	-
	-	333,376	-	260,100

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41. Prior year adjustments / Change in accounting policy (continued)				
Inventories				
Balance previously reported	-	240,744	-	235,411
Re-classification: Transfer from Investment Properties - JV properties	-	42,573	-	-
	-	283,317	-	235,411
42. Traffic fines				
Traffic fines issued but not yet recovered at year end.	1,539,496	1,376,589	1,539,496	1,376,589
The recoverability of outstanding traffic fines is uncertain.				
20% of the total outstanding fines are considered recoverable, in accordance with a 5 year trend analysis, and have been accrued.				
43. Additional disclosure in terms of Municipal Finance Management Act				
Contributions to organised local government				
Current year subscription / fee	9,800	5,710	9,800	5,710
Amount paid - current year	(9,800)	(5,710)	(9,800)	(5,710)
	-	-	-	-
Audit fees				
Opening balance	104	-	-	-
Current year audit fee	15,606	13,634	14,132	12,357
Previous year audit fee	12,357	13,213	12,357	13,213
Amount paid - current year	(15,680)	(13,530)	(14,132)	(12,357)
Amount paid - previous years	(12,357)	(13,213)	(12,357)	(13,213)
Balance unpaid (included in Creditors)	30	104	-	-
PAYE and UIF				
Opening balance	368	321	-	-
Current year payroll deductions	777,107	708,014	772,051	698,029
Amount paid - current year	(777,107)	(707,967)	(772,051)	(698,029)
Amount paid - previous years	(368)	-	-	-
Balance unpaid (included in Creditors)	-	368	-	-
Pension and Medical Aid Deductions				
Opening balance	700	597	-	-
Current year subscription / fee	1,507,542	1,339,804	1,496,472	1,326,493
Amount paid - current year	(1,506,721)	(1,339,701)	(1,496,472)	(1,326,493)
Amount paid - previous years	(700)	-	-	-
Balance unpaid (included in Creditors)	821	700	-	-

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43. Additional disclosure in terms of Municipal Finance Management Act (continued)

VAT

VAT received	265,363	591,016	265,363	568,630
VAT paid	(26,151)	-	(13,927)	-
	239,212	591,016	251,436	568,630

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43. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days during the 2012/13 year:

30 June 2013	Amount outstanding (Rands)	Month
Councillor Abegail Shabalala	927	Feb - 2013
Councillor BA Chili	375	Jan - 2013
Councillor Bhekisisa Ngwane	1,111	Aug - 2012
Councillor Biyela	29	Mar - 2012
Councillor Conrad Dlamini	68,601	Sep - 2012
Councillor Dennis Shoji	4,800	Aug - 2012
Councillor Fanie Moyo	4,891	Jul - 2012
Councillor GS Ngcobo	7,079	Aug - 2012
Councillor Hendrick Cele	3,450	Aug - 2012
Councillor Hlongwa	63	Mar - 2013
Councillor Hubane Maphumulo	1,380	Jul - 2012
Councillor Jonathan Naidoo	38,415	Dec - 2012
Councillor MAK Dladla	226	Sep - 2012
Councillor Mary Jane Ntshangase	237	Sep - 2012
Councillor Mduduzi Gumede	442	Sep - 2012
Councillor ME Bayeni	437	Apr - 2013
Councillor Melita Mthembu	1,518	Feb - 2013
Councillor Mhlabunzima Bhengu	1,414	Jul - 2012
Councillor SJ Nhlapho	549	Mar - 2013
Councillor PM Sibiyi	480	Feb - 2013
Councillor MS Cele	4,003	Jul - 2013
Councillor NE Mthembu	1,883	Oct - 2012
Councillor Neliswe Nyanisa	1,680	Sep - 2012
Councillor Ngwazi	81	Aug - 2012
Councillor Obed Ngcobo	10,795	Aug - 2012
Councillor P Padayachee	358	Sep - 2012
Councillor Peter Davis	4,552	Jul - 2012
Councillor PP Hlengwa	982	Sep - 2012
Councillor Pragalathan Naidoo	43,271	Jun - 2013
Councillor Simingayesonke Mcoyi	1,230	Jul - 2012
Councillor SS Buthelezi	142	Jun - 2013
Councillor Themba Ncane	37,699	Jul - 2012
Councillor Theresa Nzuza	22,237	Aug - 2012
Councillor Vulo Qulo	339	Aug - 2012
Councillor Vusi Gebashe	3,420	Jul - 2012
Councillor ZRT Gumede	1,207	Jan - 2013
Councillor ZS Ndzoziya	4,423	Jan - 2013
Councillor NF Shabalala	2,695	Mar - 2013
Councillor MK Ndzimbovu	20	May - 2013
Councillor Marcus Zungu	23,487	Mar - 2013
Councillor JN Cele	205	Feb - 2013
Councillor William Mapena	31	Mar - 2013
Councillor Bongani Mpungose	194	Feb - 2013
Councillor B Dlamini	6,895	Mar - 2013
Councillor Hleziphi Goge	100	Jul - 2012
Councillor Dean Macpherson	449	Sep - 2012
	308,802	

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Figures in Rand thousand	2013	2012	2013	2012
43. Additional disclosure in terms of Municipal Finance Management Act (continued)				
30 June 2012			Amount outstanding (Rands)	
Councillor Dlamini C			84,750	
Councillor Ncane T			40,411	
Councillor Nzuza T			23,249	
Councillor Ngcobo			10,854	
CCouncillor Naidoo P			6,242	
Councillor Cele H			6,227	
Councillor Moyo F			5,140	
Councillor Shozi D			4,954	
Councillor Bhengu M			4,359	
Councillor Gebashe V			3,996	
Councillor Maphumulo H			1,769	
Councillor Shabalala A			1,362	
Councillor Mcoyi S			1,239	
Councillor Ngwane B			1,150	
Councillor Xhakaze M			830	
Councillor Ndzoziya Z			371	
Councillor Bayeni M			168	
Councillor Sibiya P			146	
Councillor Ngwazi			91	
Councillor Hlongwa			76	
Councillor Nhlapo S			51	
Councillor Nyanisa N (as at 31 May 2012)			1,076	
Councillor Mthembu (as at 31 May 2012) 472			472	
Councillor Naidoo J (as at 31 March 2012)			46,088	
Councillor Cassimjee I (as at 31 March 2012)			948	
Councillor Gumede M (as at 31 March 2012)			929	
Councillor M Bayeni (as at 31 March 2012)			617	
Councillor Davis P (as at 31 January 2012)			16,840	
			264,405	

44. Comparative figures

Certain comparative figures have been restated (refer note 41 for details).

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45. Deviation from supply chain management regulations

During the year there were contracts awarded of more than R2 000 to various employees of council and councillors or people who are spouse's, children or parents of people in the service of the municipality amounting to R36.3million (2012: R9 million) .

Contract awards made in terms of Section 36 (Regulation 36 of SCMR) of the Supply Chain Management Policy amounted to R1.896 billion (2012: R1.165billion).

There have been additional controls put in place for Section 36, which include the tabling of the need to follow Section 36 via the Executive Committee before the item is presented to the BAC in the first instance, and then final approval by the Accounting Officer. Further reporting occurs to our Finance & Procurement and Audit & Risk Committees on a regular basis for their oversight. It is also understood that eThekwini is one of the few, if not the only, municipality where Section 36 reports are scrutinized via the BAC before going to the Accounting Officer for final sign-off.

There were, however certain key (high value) Section 36 appointments that resulted in an abnormal increase in the utilization of Section 36, viz:

- Housing – the settlement of a court order with Zukhulise Cleaning & Maintenance
- Housing – the completion of a wide range of critical delivery projects nearing completion (±80%) that had unfortunately commenced through a process that was deemed irregular, and hence had to stop.
- Water & Sanitation Unit – to put together a process/policy that supports the plumbing contract in which many small plumbing companies are being provided with meaningful work on a well-documented and monitored process.
- Engineering – a large range of storm damage projects that needed urgent repair.Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

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46. Material losses

Water:

The Non-Revenue Water (NRW) Branch is responsible for monitoring the NRW situation at eThekwini Water and Sanitation (EWS) and reporting thereon, providing strategic direction for the Unit to reduce losses as well as implementing a number of programmes to reduce losses on a wide scale. The primary objective of the NRW reduction activities is to reduce the NRW levels from 37.3% by volume (688litres/connection/day total water losses) at present to a targeted and sustained value of 25% by volume (420 litres/connection/day total water losses) by June 2019

Water losses of 119 966 557 kl (2011/2012 : 112 121 754 kl) occurred during the year under review, which resulted in revenue losses to the municipality. The estimated water losses amounting to R513.0m (2011/2012: R411.0m) were due mainly to water theft and delays in the SCM processes. The non-revenue water volume increased from 35.3% in 2011/12 to 37.3% in 2012/13. The current South African NRW average is 36.8% whilst the African average is 38.0%.

In line with the NRW Business Plan, EWS is implementing a number of water loss interventions, the highlights of which for 2012/13 are as follows:

1. During the year 92 Pressure Reducing Valves were installed and more installations will be done in the 2013/14year.
2. The Leak Detection and Repair Strategy with a total of 16 Category B plumbers in formal and informal areas has proved extremely successful and a total of 19140 leaks were repaired from the 5 211 km of reticulation that were surveyed for leaks.
3. Regularized and registered approximately 1924 connections in COINS from Metro-wide eThekwini Housing projects
4. In terms of the programme for meter replacement for domestic consumers which are more than 20 years old a total of 3073 out of a target of 22 400 has been achieved. The annual meter supply contract, WS 6045 was delayed by 609 days by a High Court Action that was won with costs and this has contributed to this backlog of meters that must be changed. 392 ICI consumer meters older than 20 years were replaced.
5. The total number of registered connections increased by 3656 (0.8%) but the consumer sales decreased by 5.8Ml/day. The decreasing/stagnant sales volumes is highlighted as a major concern for the Unit. There are now a total of 477 849 registered connections in eThekwini.

The success of the NRW programme has been hampered in the 2012/13 financial year due to the non-availability of materials and resources. The appeal and subsequent delay in the award of a number of consulting appointments (totaling R 53,8m) have also had a negative impact on the programme results.

Once the NRW Programme gains traction again when the consulting and contracting contracts are in place, a significant increase in budget will be required as per the NRW 2012 Business Plan in order to achieve the stated target of 25% NRW by volume by June 2019.

Electricity:

Estimated Electricity losses 667,412,169 kWh (2012: 664,796,777 kWh) occurred during the year under review which resulted in revenue losses to the municipality. These estimated electricity losses amounted to R396m (2012: R 364m). The norm for electricity losses ranges from 5.6% to 12%. The loss incurred by the municipality is 5.85% (2012: 5.8%) and is due to a combination of transmission/distribution losses and losses due to illegal connections. In comparison to other Metro's, eThekwini Municipality maintains its losses at a lower end of the norm.

Transmission losses are inevitable, however, the following interventions have been implemented:

1. Optimal Network Configuration:

The Planning and Design engineers ensure that all network additions are implemented with correct equipment ratings and configuration so as to minimize losses.

2. Effective Maintenance on Network:

The unit has adopted a comprehensive maintenance schedule to promote the reliability of the network as well as enhance the efficiency of the network.

3. Efficient Network Loading:

Power flow into the network is carefully monitored on a 24 hour basis and the correct, most efficient electrical loading configuration is adopted.

Illegal electricity connections are a major contributing factor to non-technical losses. The following interventions have been implemented to curb illegal connections:

1. Area Sweeps:

The Revenue protection teams continuously investigate high theft area's to remove all illegal connections.

2. Employment of security Intelligence Teams:

Private investigators are deployed to site to try and gather evidence to apprehend suspects.

3. Installation of anti-theft technologies at substations:

The employment of this technology deters intruders from entering into substations and carrying out illegal connections.

4. Theft Hotline:

A 24 hour hotline has been set up to report acts of theft and illegal connections - Once a suspicious activity is reported,

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security will be dispatched immediately to the affected site.

Bad Debts written off:

Debt of R185m (2012: 198m) was written off during the year. The write-off is in respect of irrecoverable debts which relate to rates, services, housing and sundry debts. The Municipality took steps to write-off this debt which is considered irrecoverable so that efforts can be focused on debt that can still be recovered. About 51% of the write-off relates to Water Debt Relief Programme where customers pay for the current consumption and the debt being written off over a period of time

47. Unauthorised, irregular, fruitless and wasteful expenditure disallowed

Cases reported during the 2012/13 year are included below:

The irregular expenditure relating to Housing was awarded to contractors / consultants in accordance with Council's delegated authority to the Head of Housing dated 11/11/1997, to enter into contracts for housing development in terms of National Housing Programs. This expenditure is deemed to be irregular as the expenditure was not reported to the Accounting Officer for disclosure purposes.	9,669	184,748	9,669	184,748
Parks, Recreation & Culture: Noncompliance with S.C.M.	18,309	29,162	18,309	29,162
Non-compliance with S.C.M. - various: This expenditure is deemed to be irregular due to Public Tender Process not being adhered to, preference points not being applied, variation orders not being approved by the relevant committee's, tax clearance certificates not being received, 3 quotations not being obtained and adverts not being adequately advertised.	287,943	510,506	287,943	510,506
20 (2012: 87) awards made to entities whose directors / members / principal shareholders / stakeholders were in the service of eThekwini municipality	2,675	9,003	2,675	9,003
14 (2012: 245) awards made entities whose directors / members / principal shareholders / stakeholders were in the service of other State institutions	1,006	48,926	1,006	48,926
13 awards made to entities whose directors / members / principal shareholders / stakeholders spouses were in the service of eThekwini municipality	3,190	-	3,190	-
Wasteful Expenditure: Penalty - SCM dispute	1,204	-	1,204	-
Misappropriation and Embezzlement of Council Funds	1,010	184	1,010	184
Wasteful Expenditure: Misuse of Council Funds	1	17	1	17
Fraudulent undercharge by Council employee for Electricity connection	-	1	-	1
Durban Marine Theme Park (Pty) Ltd. - Noncompliance with Supply Chain Management policy	264	-	-	-
Durban Marine Theme Park (Pty) Ltd. - awards made to entities whose directors / members / principal shareholders / stakeholders were in the service of other State institutions	-	2,455	-	-

Investigations are still in progress regarding 125 other cases (2012: 32), the details of which are summarised as follows:

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47. Unauthorised, irregular, fruitless and wasteful expenditure disallowed (continued)

17 cases (2012: 10) relating to non-compliance with Supply Chain Management policy;

108 cases (2012: 20) relating to other financial matters.

Irregular expenditure

Reconciliation of irregular expenditure

Opening balance	971,715	186,713	947,223	164,676
Irregular expenditure current year	325,271	785,002	325,007	782,547
Condonements by Council	(1,272,032)	-	(1,265,332)	-
Irregular expenditure awaiting condonement	24,954	971,715	6,898	947,223

A number of interventions have been introduced to improve monitoring controls in Supply Chain Management and the bid process prior to the awarding of contracts to service providers. A report of irregular expenditure, in terms of section 170(2) of the Municipal Finance Management Act no. 56 Of 2003, was submitted to National Treasury.

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	2013	2012	2013	2012

48. Bank balances				
Account number - Bank - Account	Cash Book Balance	Bank Statement balance	Cash Book Balance	Bank Statement balance
Description	30 June 2013	30 June 2013	30 June 2012	30 June 2012
050134353 - Standard Bank - Main Expenditure	76,022	(62,973)	68,576	(70,280)
050133535 - Standard Bank - Main Expenditure EFT	-	(854,810)	(41)	(696,749)
050133969 - Standard Bank - Direct Deposits Account	14,510	227,991	7,607	262,962
050134116 - Standard Bank - Electronic Deposits Account	50,946	720,104	40,940	1,594,095
050134132 - Standard Bank - Cashiers Deposit Account	(4,170)	217,463	(3,262)	182,771
050134140 - Standard Bank - Government Deposit Account	5,727	44,985	2,357	44,670
050134655 - Standard Bank - Electricity Income Account	1,757	6,882	1,394	7,913
050134671 - Standard Bank - Electricity Prepaid Vendor Deposits	6,826	73,785	5,738	10,790
050134469 - Standard Bank - SARS E-Filing Account	-	1,500	-	37,465
050134442 - Standard Bank - Dishonoured Cheques Account	(33)	605	(1,408)	(7,159)
050073117 - Standard Bank - Main Expenditure Bank	-	(5,092)	-	(13)
050133993 - Standard Bank - Direct Debit Collections Account	-	71,910	-	62,864
050134019 - Standard Bank - Transwitch Account	(4,706)	82,048	(4,045)	74,940
050134094 - Standard Bank - Agents Deposit Account	6,226	112,974	15,380	96,725
050134213 - Standard Bank - Metro Police Deposit Account	-	5,314	-	4,550
050134183 - Standard Bank - Metro Police Transwitch Deposit Account	-	763	-	934
050134248 - Standard Bank - Parks, Recreation and Culture Deposit Acc.	1,044	2,530	810	2,707
050134264 - Standard Bank - City Engineers Account	1,735	3,920	1,067	5,563
050134272 - Standard Bank - Durban Tourism Deposit Account	58	427	-	175
050134531 - Standard Bank - Central Foreign Rand Account	(269,800)	5,948	-	(204)
050134574 - Standard Bank - Water Foreign Rand Account	-	(70)	-	(844)
050134698 - Standard Bank - Electricity Foreign Rand Account	(923)	(923)	(5,390)	(5,390)
050134299 - Standard Bank - Virginia Airport Account	-	2,320	1	514
050134329 - Standard Bank - Department of Housing Account	-	270,703	-	50,452
050134450 - Standard Bank - Sundry PAYE Account	291	291	149	149
050134507 - Standard Bank - Cash Payments Account	2	(188)	37	(1,836)
050134426 - Standard Bank - Refunds Expenditure Account	-	1,529	-	3,227
050134582 - Standard Bank - Water and Sanitation Services Expenditure Account	1,095	(219)	436	(455)
050133616 - Standard Bank - Water and Sanitation Services EFT Account	78	(293,311)	(3)	(296,204)

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48. Bank balances (continued)				
050134701 - Standard Bank - Electricity Expenditure Account	(2,996)	(2,998)	(1,211)	(3,196)
050133608 - Standard Bank - Electricity EFT	(614,402)	(614,402)	(613,944)	(611,960)
050133586 - Standard Bank - Salaries Account	60,881	(351,200)	50,553	(317,673)
050134590 - Standard Bank - Durban Fresh Produce Market Account	17,379	17,352	15,684	15,658
050134515 - Standard Bank - CIFAL Durban Account	230	230	1,520	1,520
050134493 - Standard Bank - General Bank Account	302,771	(108,010)	411,508	(529,092)
050041827 - Standard Bank - E-Ticketing Account	-	296	-	10
050134434 - Standard Bank - Bank Charges Account	-	(186)	-	(408)
050134337 - Standard Bank - Moses Mabhida Stadium Deposit Account	158,660	158,660	74,127	74,127
050138987 - Standard Bank - Pay at Deposit Account	(7,679)	70,252	(3,098)	67,013
050041924 - Standard Bank - Vehicle Auctions Account	-	-	-	5,151
050137220-Standard Bank-Consolidated Investment Fund (EFT)	267,925	267,925	-	-
050154540-Standard Bank-Syntell Deposit Account	(1)	36	-	-
050189816-Standard Bank-Reforestation Project Account	807	900	-	-
Totals: ETHEKWINI MUNICIPALITY				
Bank balances	974,970	2,369,643	697,884	2,606,945
Bank overdraft	(904,710)	(2,294,382)	(632,402)	(2,541,463)
Durban Marine Theme Park (Proprietary) Limited:				
90/0-50006958840-Investec smart rate Notice	23,088	23,088	-	-
50005636079 - Investec Bank - Smartrate Account	15,624	15,624	28,625	28,625
100027X021905914 - RMB - Account	38	38	38	38
050139452 - Standard Bank - Retail Bank Account	63	63	167	167
050139495 - Standard Bank - Schools Account	2	2	9	9
050139509 - Standard Bank - Main Deposit Account	915	915	1,610	1,610
I.C.C. Durban (Proprietary) Limited:				
50226959 - Standard Bank	44	44	(5)	(5)
50881201632 - FNB	126	126	717	717
50018949 - Standard Bank	1	1	1	1
50138162 - Standard Bank	320	320	543	543
50138197 - Standard Bank	601	601	179	179
Effingham Development Joint Venture:				
Bank Balances	44,510	-	46,467	-
Totals: MUNICIPAL ENTITIES				
Bank balances	85,332	40,822	78,351	31,884
Totals: GROUP				
Bank balances	1,060,302	2,410,465	776,235	2,638,829
Bank overdraft	(904,710)	(2,294,382)	(632,402)	(2,541,463)

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Figures in Rand thousand	2013	2012	2013	2012

49. Taxation

No provision has been made for the taxation of municipal entities as they have an assessed loss of R328 188 767 (2012: R356 417 155), which is available for set-off against future taxable income. No deferred tax asset has been raised.

50. Financial Instruments

Exposure to interest rate, credit risk and liquidity risks arise in the normal course of the municipality's operations.

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NOTES TO THE FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2013	2012	2013	2012

50. Financial Instruments (continued)

Financial risk management

The Municipality has exposure to the following risks from its use of Financial Instruments:

- Liquidity risk
- Interest rate risk
- Credit risk

This note presents information about the Municipality's exposure to each of the above risks and the Municipality's objectives, policies and processes for measuring and managing risks.

Further quantitative disclosures are included throughout these financial statements.

The Accounting Officer has overall responsibility for the establishment and oversight of the Municipality's risk management framework. The Municipality's risk management policies are established to identify and analyse the risks faced by the Municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes to market conditions and the Municipality's activities.

As part of managing the municipality's liquidity risk Promissory notes have been issued to facilitate the timeous repayment of the borrowings. No further terms and conditions are attached to these promissory notes other than the normal repayment terms and conditions of the loan repayment.

The Municipality, through its training and management standards and procedures, aims to develop a disciplined and constructive environment in which all employees understand their roles and obligations.

Categories of Financial Instruments

Financial Assets:

Investments and Receivables

Cash and cash equivalents	5,559,709	5,025,483	5,299,753	4,801,196
Consumer Debtors	3,028,593	2,564,131	3,032,372	2,562,414
Debtors	2,573,433	2,698,097	2,558,846	2,684,957

Financial Liabilities:

Liabilities and Creditors

Long-term Liabilities	10,002,011	10,786,025	9,886,788	10,679,006
Creditors	4,722,044	4,686,564	4,728,581	4,691,462

Fair values versus carrying amounts:

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

Carrying amount

Investments	4,850,000	3,500,000	4,850,000	3,500,000
Consumer Debtors	3,028,953	2,564,131	3,032,372	2,562,414
Debtors	2,573,433	2,698,243	2,558,846	2,684,954
Long-term Liabilities	10,002,011	10,786,025	9,886,788	10,679,006
Creditors	4,722,044	4,695,659	4,728,581	4,691,462

Fair value

Investments	4,850,000	3,500,000	4,850,000	3,500,000
Consumer Debtors	3,028,953	2,564,131	3,032,372	2,562,414
Debtors	2,574,677	2,698,097	2,560,090	2,685,100
Long-term Liabilities	10,002,011	10,786,025	9,886,788	10,679,006
Creditors	4,739,984	4,686,564	4,746,522	4,700,554

Basis for determining fair value:

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	Group		Municipality	
Figures in Rand thousand	2013	2012	2013	2012

50. Financial Instruments (continued)

The following summarises the significant methods and assumptions used in estimating the fair values of the Financial Instruments reflected in the tables above:

Debtors and Creditors:

The fair value of Debtors and Creditors is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Liquidity risk

Liquidity risk is the risk that the municipality will encounter in raising funds to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored. The following are details of the contractual maturities of financial liabilities:

Standard Bank:	R
Ethekwini Municipality - Trading Pre Settlement	70,000
Ethekwini Municipality - Letter of Credit:	1,500
Ethekwini Municipality - Performance guarantee:	68,584
Ethekwini Municipality - Overdraft:	136,416
Ethekwini Municipality - Fleet Management Card:	15
I.C.C. Durban - Credit card:	228
I.C.C. Durban - Performance guarantee:	550
The total of these facilities amount to	277,293

Group

At 30 June 2013	Carrying amount	Contractual cash flows	12 months or less	More than 12 months
Long-term Liabilities	10,002,011	10,002,011	957,999	9,044,012
Trade and other payables	4,722,044	4,722,044	4,722,044	-
At 30 June 2012	Carrying amount	Contractual cash flows	12 months or less	More than 12 months
Long-term Liabilities	10,786,025	10,786,025	773,025	10,013,000
Trade and other payables	4,686,564	4,686,564	4,686,564	-

Municipality

At 30 June 2013	Carrying amount	Contractual cash flows	12 months or less	More than 12 months
Long-term Liabilities	9,886,788	9,886,788	957,240	8,929,548
Trade and other payables	4,728,582	4,728,582	4,728,582	-
At 30 June 2012	Carrying amount	Contractual cash flows	12 months or less	More than 12 months
Long-term Liabilities	10,679,006	10,679,006	772,327	9,906,679
Trade and other payables	4,691,459	4,691,459	4,691,459	-

Market risk

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	Group		Municipality	
Figures in Rand thousand	2013	2012	2013	2012

50. Financial Instruments (continued)

Interest rate risk

The municipality's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on surplus (deficit). All long-term debt is at fixed rates.

The municipality's income and operating cash are substantially independent of changes in market rates. The municipality has no significant interest bearing assets.

The Municipality entered into a fixed interest rate swap agreement with Standard Corporate & Merchant Bank in order to mitigate the floating interest rate exposure of the DBSA phase 2 loan. During the year R12.3million (2012: R12.4million) was recognised in surplus as ineffectiveness arising from fair value hedges.

On the basis of the assumptions in the table below, a 1% change in the interest rate will result in a 21% change in the value of the swap. There is a positive relationship between the swap value and interest rates.

Cash flow interest rate risk

Financial instrument	Average interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after four years
Long term borrowings	9.54 %	947	1,146	1,191	1,163	6,435

Swap Cash flow Sensitivity

Settlement dates	Current interest rate	Interest rate movement: -1	Interest rate movement: -0.5	Interest rate movement: 0	Interest rate movement: 0.5	Interest rate movement: 1
Interest rate swap: 31 March and 30 September	7.06 %	12,448	11,495	10,541	9,587	8,633

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NOTES TO THE FINANCIAL STATEMENTS

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50. Financial Instruments (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Trade receivables comprise a widespread customer base. The Municipality has no control over the approval of new customers who acquire properties in the designated metro area and consequently incur rates, water and electricity debts. The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

- through the application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property.
- a new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount.
- through the consolidation of rates and service accounts, thereby disconnecting services for the non-payment of any of the individual debts, in terms of section 102 of the MSA.
- reviewing the municipality's Credit Control Policy annually to ensure that it is updated for to current practice that enhance revenue collection.

Long term Receivables and Other Debtors are individually evaluated annually at balance sheet date for impairment of discounting.

The maximum credit and interest risk exposure in respect of the relevant financial instrument is as follows:

Financial instrument				
Consumer Debtors	3,028,953	2,564,131	3,032,372	2,562,414
Other Debtors	2,573,433	2,698,097	2,558,846	2,684,957
Cash and Cash Equivalents	5,559,709	5,025,483	5,299,753	4,801,196

The ageing of trade receivables at the reporting date was as follows:

Consumer Debtors:

Gross

0 - 30 days	1,469,878	1,288,807	1,473,838	1,292,371
31 - 120 days	544,052	565,335	541,384	556,629
More than 120 days	3,002,657	2,638,582	3,002,657	2,638,582
Less: Provision for Bad Debts	(1,987,634)	(1,928,593)	(1,985,507)	(1,925,168)
Net Consumer Debtors	3,028,953	2,564,131	3,032,372	2,562,414

Movement in the provision for Bad Debts:

Consumers

Balance at beginning of year	1,928,593	1,759,385	1,925,168	1,756,340
Contribution	245,528	367,572	245,812	367,192
Bad debts written off	(186,487)	(198,364)	(185,473)	(198,364)
Balance at year end	1,987,634	1,928,593	1,985,507	1,925,168

Movement in the provision for Bad Debts:

Other

Balance at beginning of year	397,148	383,150	397,190	383,150
Contribution	533,720	14,630	533,678	14,672
Bad debts written off	-	(632)	-	(632)
Balance at year end	930,868	397,148	930,868	397,190

eThekweni Municipality and its Municipal Entities

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	Group		Municipality	
Figures in Rand thousand	2013	2012	2013	2012

51. Budget Disclosure

Material differences between budget and actual amounts

Investment Revenue: > budget - this increase is attributable to the substantial increase in cash resources;

Finance charges: < budget - this decrease is attributable to the anticipated borrowing of R1.5 billion in the first quarter, which did not materialise;

Other expenditure: < budget - this decrease is made up mainly of underspending as follows: Asset Management (R22m); Audit fees (R7m); Electricity consumption by departments R20m); Hire of plant & vehicles (R46m); Insurance claims (R13m); IRPTN planning (R70m); Operational projects (R12m); Purchase of raw materials (R14m); Rates Clearance (R10m); Refuse Bags (R23m); Re-insurance premiums (R19m); Sludge disposal (R20m); Special Events (R9m) and various other smaller items of expenditure. The budget expenditure includes the internal consumption charges for water and electricity (R550m) which is eliminated in the actual figures.

The under-spending in respect of Capital expenditure is mainly due to the following:

Delays in the design and tender process for Housing;

Delays in tender processes, unrest at Griffiths Mxenge highway and adverse weather conditions impacting negatively on road rehabilitation projects for engineering;

Delays due to acquisition of land for IRPTN projects for ETA;

Delays in the Western Aqueduct project due to legal issues.

Differences between budget and actual amounts basis of preparation and presentation

A comparison of the budget and actual information has been disclosed in the Appropriation Statement and not in columnar format as required due to the classification as per budget regulations as prescribed by National Treasury differing to the GRAP disclosure requirements.

eThekweni Municipality

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Figures in Rand thousand

NOTE 52: EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2013

DESCRIPTION	%	LOAN No.	DATE REPAYABLE	BALANCE AT 30-Jun-12 R 000's	RECEIVED DURING THE YEAR R 000's	REDEEMED DURING THE YEAR R 000's	BALANCE AT 30-Jun-13 R 000's
Stock Loan	14.60%	K34	30-06-2013	200		200	0
Total Stock Loans				200	0	200	0
FRB PN	Variable	1/58	30-06-2016	171,426		23,110	148,316
INCA INDWA	9.52%	1/66	30-06-2020	380,584		30,802	349,782
Nedbank Ltd	8.47%	1/67	31-03-2021	672,130		52,448	619,682
DBSA Ph 1	13.50%	P1	30-09-2017	396,034		51,804	344,230
DBSA Ph 2	Variable	P2	31-03-2016	158,437		31,607	126,830
DBSA Ph 3	12.90%	P3	30-09-2017	271,325		32,325	239,000
DBSA Ph 4	10.40%	P4	30-06-2019	405,099		37,946	367,153
DBSA Ph 5	8.90%	P5	30-06-2020	219,961		18,252	201,709
DBSA Ph 6	8.75%	P6	30-06-2022	684,958		42,020	642,938
DBSA Ph 7	8.30%	P7	02-01-2028	2,783,130		83,482	2,699,648
NEDBANK 7 YRS	10.09%	1/70	28-02-2017	403,689		65,852	337,837
NEDBANK 5 YRS	9.21%	1/71	30-04-2015	331,632		100,810	230,822
RMB R 1b 15YRS	10.28%	1/72	30-06-2025	936,702		36,870	899,832
ABSA 7 YRS	8.73%	1/73	29-09-2017	851,169		126,616	724,553
ABSA 15 YRS	10.19%	1/74	30-06-2026	969,845		33,583	936,262
AFD Calyon	9.52%	1/68	31-12-2018	42,424		6,508	35,916
RMB R1B 20YRS	9.53%	1/75	30-06-2032	1,000,261	0	17,985	982,276
Total Annuity Loans				10,678,806	0	792,020	9,886,788
TOTAL EXTERNAL LOANS				10,679,006	0	792,220	9,886,788

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2013

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Figures in Rand thousand

50b: EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2013 (Continued)

Description	Loan Number	Interest Rate	Date Repayable	Balance at 30/06/12	Interest Received during the year	Redeemed / (Interest Capitalised) during this period	Balance at 30/06/13
		%		R'000	R'000	R'000	R'000
DURBAN MARINE THEME PARK:							
LONG TERM LOANS							
Debenture Stock		13		103,364	8,901	0	112,265
Total Stock Loans				103,363	8,901	0	112,265
DBSA - Village Walk		8.5		3,656	0	-696	2,960
Total Annuity Loans				3,657	0	-696	2,960
TOTAL EXTERNAL LOANS (DURBAN MARINE THEME PARK)				107,020	8,901	-696	115,225
TOTAL EXTERNAL LOANS: ETHEKWINI MUNICIPALITY				10,679,006	0	-792,220	9,886,786
GROUP TOTAL:				10,786,026	8,901	-792,916	10,002,011

53. ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2013 - GROUP

	Cost / Revaluation									Accumulated Depreciations									Carrying Value
	Opening Balance	Prior Year Adjustment	Opening Under Construction	Opening Under Construction Prior year	Additions	Under Construction	Disposals	Transfers	Closing Balance	Opening Balance	Prior Year Adjustment	Additions	Disposals	Impairments	Reversal	Transfers	Closing Balance		
	R'000		R'000		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000		
Land and Buildings	423,061		0		9,394	0	-247	132,214	564,422	0			0	0	0	-10,105	-10,105		
Land	4,214,064		339,232		311,222	176,651	-1,404		5,039,765	941,065			-697	0	-2,648	0	1,071,721		
Buildings	4,637,125		339,232	0	320,616	176,651	-1,651	132,214	5,604,187	941,065	0		134,001	-697	0	-2,648	-10,105		
Infrastructure																			
Roads	7,769,387	268,119	1,369,579	-268,119	776,417	12,969	-2		9,928,349	1,645,638		275,851	-2	767	0	0	1,922,254		
Traffic Equipment & Ranks	424,863	47,155	255,965	-66,658	11,373	-44,349	0	0	628,349	169,997		26,209	0	0	0	0	196,206		
Stormwater Drainage	1,574,436	45,685	86,467	-45,685	80,904	-58,146	0	0	1,683,661	281,593		166,192	0	4,101	0	0	451,886		
Sewerage Pumps	41,431		83,840		0	20,852	0	0	146,123	71,330	10,221		0	0	0	0	81,551		
Sewerage Mains & Reticulation	2,201,677	134,107	640,642	-134,107	0	412,039	0	0	3,254,358	427,166		149	0	0	0	0	427,315		
Purification Works	57,149		79,436		0	-16,801	0	0	119,784	90		61,909	0	0	0	0	61,999		
Refuse Sites & Transfer Stations	546,267	-406	67,806	-352	22,606	94,137	0	0	730,058	337,283		27,942	0	0	0	0	365,225		
Water Mains & Reticulation	4,383,832	156,874	65,375	-156,874	19,494	49,626	0	-1,128,694	3,389,633	446,519		14,309	0	0	0	-287,040	173,788		
Water Reservoirs	933,608		1,339,316		7,791	16,444	0	0	2,297,159	64,361		6,483	0	0	0	0	70,844		
General Infrastructure	254,924		92,261		99,582	6,891	0	0	453,658	102,622		3,867	0	0	0	0	106,489		
Mains	2,125,476				-3,750	11,195	-192	0	2,208,758	710,488		55,805	-91	0	0	0	766,202		
Major Substations	2,360,470		69,774		67,683	160,558	-1,463	0	2,657,022	579,965		67,833	-1,462	0	0	0	646,336		
Public Lighting	246,987		6,471		13,986	15,971	0	0	283,414	73,399		12,398	0	0	0	0	85,797		
Connections & Switches	916,445		30,831		53,862	1,162	-69,077	0	933,223	474,610		43,647	-67,994	0	0	0	450,263		
	23,836,952	651,534	4,263,792	-671,795	1,149,947	682,547	-70,734	-1,128,694	28,713,549	5,385,061	10,221	762,594	-69,549	4,868	0	-287,040	5,806,155		
					-263,560														
Community Assets																			
Recreation	3,807,172		27,598		84,371	-14,653	-3	-136,167	3,568,318	363,159		106,935	0	55	-20	-81,383	388,746		
Clinics & Depots	195,255		5,246		37,557	7,731	0	0	245,789	77,973		3,197	0	0	0	0	81,170		
Cemeteries & Crematoria	71,366		4,837		33,497	1,391	0	0	111,091	23,706		321	0	0	0	0	24,027		
Community Halls	158,675		2,647		33,354	3,772	0	0	198,448	215		2,102	1,719	0	0	0	4,036		
Fire Stations	39,286		3,728		33,285	3,681	0	0	79,980	18,530		1,185	0	0	0	0	19,715		
Libraries	265,251		293		33,178	9,410	0	0	308,132	84,873		2,763	0	429	0	0	88,065		
Museums	5,772		3,107		35,060	7,995	0	0	51,934	468		589	0	0	0	0	1,057		
Police Stations	114,835		0		32,957	0	-14	0	147,778	8,733		800	-1	0	0	0	9,532		
	4,457,612	0	47,456	0	323,259	19,327	-17	-136,167	4,711,470	577,657	0	117,892	-1	2,203	-20	-81,383	616,348		
Other Assets																			
Airconditioning	181,132		30		2,564	335	-28	0	184,033	18,699		6,653	-24	0	0	0	25,328		
Security Systems	170,159		0		10,965	0	-2	0	181,122	61,615		17,061	-2	0	0	0	78,674		
Computer Equipment	342,118	-260	331,351		94,512	0	-13,022	0	754,699	420,904	-248	101,853	-9,472	0	0	0	513,037		
Car Parks & Fencing	321,098		8		48,499	0	0	0	369,605	22,383		37,220	0	149	0	0	59,752		
Plant & Equipment	1,512,572	-301	10,312		119,405	44,941	-6,349	1,132,621	2,813,201	676,064	-574	142,740	-5,995	2	-49	378,541	1,190,729		
Furniture & Fittings	126,033	-27	0		16,622	-1,460	-4,702	0	136,466	33,787	-314	24,329	-3,955	9	0	0	53,856		
Markets	191,653		1,459		6,010	23,484	0	0	222,606	51,392		6,365	0	1,421	0	0	59,178		
Vehicles	2,398,108		36,879		329,270	43,409	-29,882	0	2,777,784	1,303,582		244,158	-21,242	12,151	0	0	1,538,649		
Fire Engines	173,167		0		0	12,063	-820	0	184,410	20,060		487	-327	0	0	0	20,220		
	5,416,040	-588	380,039	0	627,847	122,772	-54,805	1,132,621	7,623,926	2,608,486	-1,136	580,866	-41,017	13,732	-49	378,541	3,539,423		
Total	38,347,729	650,946	5,030,519	-671,795	2,421,668	1,001,297	-127,208	-26	46,653,131	9,512,269	9,085	1,595,353	-111,264	20,803	-2,717	13	11,023,542		
																	35,629,589		

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Note 53. ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

	Cost / Revaluation										Accumulated Depreciations										Carrying Value
	Opening Balance	Prior Year Adjustment	Opening Under Construction	Opening Under Construction Prior year	Additions	Under Construction	Disposals	Impairments	Transfers	Closing Balance	Opening Balance	Opening Impairment	Prior Year Adjustments	Additions	Disposals	Impairments	Impairments Reversal	Transfers	Closing Balance		
	R'000		R'000		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000		
Land and Buildings																					
Land	423,061		0		9,394	0	-247	0	132,214	564,422	0				0	0	0	-10,105	-10,105	574,527	
Buildings	2,888,667		339,232		299,695	176,651	-1,324	0		3,702,921	645,506			95,083	-682	0	-2,364	737,543	2,965,378		
	3,311,728		339,232	0	309,089	176,651	-1,571	0	132,214	4,267,343	645,506	0	0	95,083	-682	0	-2,364	-10,105	727,438	3,539,905	
Infrastructure																					
Roads	7,769,387	268,119	1,369,579	-268,119	776,417	12,969	-2	0		9,928,349	1,645,638			275,851	-2	767	0	0	1,922,254	8,006,095	
Traffic Equipment & Ranks	424,863	47,155	255,965	-66,658	11,373	-44,349	0	0	0	628,349	169,997			26,209	0	0	0	0	196,206	432,143	
Stormwater Drainage	1,574,436	45,685	86,467	-45,685	80,904	-58,146	0	0	0	1,683,661	281,593			166,192	0	4,101	0	0	451,886	1,231,775	
Sewerage Pumps	41,431		83,840		0	20,852	0	0	0	146,123	71,330		10,221		0	0	0	0	81,551	64,572	
Sewerage Mains & Reticulation	2,201,677	134,107	640,642	-134,107	0	412,039	0	0	0	3,254,358	427,166			149	0	0	0	0	427,315	2,827,043	
Purification Works	57,149		79,436		0	-16,801	0	0	0	119,784	90			61,909	0	0	0	0	61,999	57,785	
Refuse Sites & Transfer Station	546,267	-406	67,806	-352	22,606	94,137	0	0	0	730,058	337,283			27,942	0	0	0	0	365,225	364,833	
Water Mains & Reticulation	4,383,832	156,874	65,375	-156,874	19,494	49,626	0	0	-1,128,694	3,389,633	446,519			14,309	0	0	0	-287,040	173,788	3,215,845	
Water Reservoirs	933,608		1,339,316		7,791	16,444	0	0	0	2,297,159	64,361			6,483	0	0	0	0	70,844	2,226,315	
General Infrastructure	254,924		92,261		99,582	6,891	0	0	0	453,658	102,622			3,867	0	0	0	0	106,489	347,169	
Mains	2,125,476		76,029		-3,750	11,195	-192	0	0	2,208,758	710,488			55,805	-91	0	0	0	766,202	1,442,556	
Major Substations	2,360,470		69,774		67,683	160,558	-1,463	0	0	2,657,022	579,965			67,833	-1,462	0	0	0	646,336	2,010,686	
Public Lighting	246,987		6,471		13,986	15,971	0	0	0	283,414	73,399			12,398	0	0	0	0	85,797	197,617	
Connections & Switches	916,445		30,831		53,862	1,162	-69,077	0	0	933,223	474,610			43,647	-67,994	0	0	0	450,263	482,960	
	23,836,952	651,534	4,263,792	-671,795	1,149,947	682,547	-70,734	0	-1,128,694	28,713,549	5,385,061	0	10,221	762,594	-69,549	4,868	0	-287,040	5,806,155	22,907,394	
					-263,560																
Community Assets																					
Recreation	3,607,172		27,598		84,371	-14,653	-3	0	-136,167	3,568,318	363,159			106,935	0	55	-20	-81,383	388,746	3,179,572	
Clinics & Depots	195,255		5,246		37,557	7,731	0	0	0	245,789	77,973			3,197	0	0	0	0	81,170	164,619	
Cemeteries & Crematoria	71,366		4,837		33,497	1,391	0	0	0	111,091	23,706			321	0	0	0	0	24,027	87,064	
Community Halls	158,675		2,647		33,354	3,772	0	0	0	198,448	215			2,102	0	1,719	0	0	4,036	194,412	
Fire Stations	39,286		3,728		33,285	3,681	0	0	0	79,980	18,530			1,185	0	0	0	0	19,715	60,265	
Libraries	265,251		293		33,178	9,410	0	0	0	308,132	84,873			2,763	0	429	0	0	88,065	220,067	
Museums	5,772		3,107		35,060	7,995	0	0	0	51,934	468			589	0	0	0	0	1,057	50,877	
Police Stations	114,835		0		32,957	0	-14	0	0	147,778	8,733			800	-1	0	0	0	9,532	138,246	
	4,457,612	0	47,456	0	323,259	19,327	-17	0	-136,167	4,711,470	577,657	0	0	117,892	-1	2,293	-20	-81,383	616,348	4,095,122	
Heritage Assets																					
Exhibits			0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	0		0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other Assets																					
Airconditioning	181,132		30		2,564	335	-28	0	0	184,033	18,699			6,653	-24		0	0	25,328	158,705	
Security Systems	170,159		0		10,965	0	-2	0	0	181,122	61,614			17,061	-2	0	0	0	78,673	102,449	
Computer Equipment	342,118	-260	331,351		94,512	0	-13,022	0	0	754,699	420,904		-248	101,853	-9,472	0	0	0	513,037	241,662	
Car Parks & Fencing	321,098		8		48,499	0	0	0	0	369,605	22,383			37,220	0	149	0	0	59,752	309,851	
Plant & Equipment	1,323,193	-301	10,312		109,659	44,482	-5,514	0	1,132,621	2,614,652	542,844		-574	129,508	-5,327	2	-49	378,541	1,044,945	1,569,707	
Furniture & Fittings	126,033	-27	0		12,668	-1,459	-2,005	0	0	135,410	33,787			16,103	-1,744	9	0	0	47,841	87,569	
Markets	191,653		1,459		6,010	23,484	0	0	0	222,606	51,392			6,365	0	1,421	0	0	59,178	163,428	
Vehicles	2,396,034		36,748		329,076	43,409	-29,882	0	0	2,775,385	1,303,582			243,977	-21,242	12,065	0	0	1,538,382	1,237,004	
Fire Engines	173,167		0		0	12,063	-820	0	0	184,410	20,060			487	-327	0	0	0	20,220	164,190	
	5,224,587	-588	379,908	0	614,353	122,314	-51,273	0	1,132,621	7,421,922	2,475,265	0	-1,136	599,227	-38,138	13,646	-49	378,541	3,387,356	4,034,565	
Total	36,830,879	650,946	5,030,388	-671,795	2,396,648	1,000,839	-123,596	0	-26	45,114,284	9,083,489	0	9,085	1,534,796	-108,370	20,717	-2,433	13	10,537,297	34,576,986	

APPENDIX A: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT (GROUP)

	Cost																	Accumulated Depreciation																	Carrying Value
	Opening Balance Cost	Prior Year	Opening Balance	Opening under	Additions	Under	Disposals	Transfers	Closing Balance	Opening Balance	Opening	Prior Year	Additions	Disposals	Impairments	Impairments	Transfers	Closing Balance																	
	R'000	Adjustments	Capital Under Construction	construction Prior Year	R'000	Construction	R'000	R'000	R'000	R'000	Impairments	Adjustments	R'000	R'000	R'000	Reversal	R'000	R'000	R'000																
Miscellaneous	28,454								28,454	11,350			1,672					13,022	15,432																
Formal Housing	12				287	—	(1,535)		(1,235)	10			2,210	(1,209)				1,011	(2,247)																
Legal Services	9,514		8		69		(238)		9,352	2,057			415	(220)				2,252	7,101																
Real Estates	83,392				1,387	1,016	(283)		85,511	17,753			2,590	(254)				20,089	65,422																
Health	182,887		7,120		6,935	7,731	(102)		204,571	63,830			6,982	(94)		(19)		70,698	133,873																
Skills Development	2,049				237	—	(50)		2,237	1,179			412	(34)				1,558	679																
Emergency Control Centre - Admin	90,003		1,406		9,011	(1,406)		(34)	98,979	52,810			8,412				26	61,249	37,731																
Grant in Aid	23,605				270	—			23,875	2,528			1,133					20,213	3,661																
Security	1,469				507	2,686	(5)		4,656	677			219	(5)				891	3,765																
Metropolitan Police	82,738				947	—	(871)		82,815	26,167			4,372	(743)				29,796	53,019																
Retail Market	66,963				19	150	(2)		67,130	24,056			1,777	(0)		1,421		27,253	39,877																
Housing	1,188,974				4,554	—	(13)	(136)	1,188,838	216,256			246				106	216,362	972,476																
Municipal Information & Policy	5,554				—	—	(113)		4,541	2,446			263	(12)				2,697	1,845																
Ombudsperson & Head : Investigation	503				267	—	(113)		657	410			75	(108)				377	280																
Office Of International & Governance	592				20	—			612	379			75					454	158																
Community Participation	3,264				89	—			3,353	2,635			246					2,881	472																
Office Of Geographic Information	4,083				181	—	(9)		4,256	1,329			360	(7)				1,681	2,574																
City Manager's Office	107	0			—	—			107	103			96					199	(92)																
Strategic Projects	634,745		22,789		115,280	(20,821)	(108)	(68)	751,818	51,309			26,653	(89)		(1)	53	77,925	673,892																
Office Of The D C M : Sust. Developme	229				102	—			331	106			124					116	215																
Office of the D C M :Sust.Procurement	302				174	—	(23)		453	124			61	(4)				182	271																
Office Of The D C M : Health, Safety	4,501		52		101	—	(0)		4,654	1,330			394	(0)				1,723	2,931																
Office Of The D C M : Corp & HR	151				2	—			153	76			37					113	40																
Office Of The D C M : Governance	12				—	—			12	11			0					1	1																
Office Of The D C M : Health & Social	7,035				44	—			7,079	1,593			624					2,217	4,862																
Office Of The D C M : Treasury	872				101	—	(36)		936	679			77	(30)				726	210																
Development Planning & Management	70,095		6,010		5,410	81,429	(86)		81,429	5,131			1,007	(80)				6,058	75,372																
Economic Development & Facilitation	380,297		135,013		16,286	74,136	(11)		605,721	36,040			16,609	(5)				52,644	553,077																
City Enterprises	7,951				147	—	(23)		8,076	5,983			479	(21)				6,441	1,635																
Business Support	142,843		1,009		1,023	568	(9)		145,534	37,135			5,388	(8)				42,494	103,039																
Procurement	13,903		914		152	439	(148)		14,360	7,794			845	(115)				8,524	5,836																
Engineering	8,442,876	330,255	1,633,956	(268,119)	857,681	69,934	(980)	(238)	11,065,364	1,653,409	9,085		290,299	(873)	4,868		185	1,956,973	9,108,391																
Emergency Services	258,580				15,400	9,186	(1,345)		292,834	101,877			12,192	(605)			159	113,623	179,211																
Parks, Recreation, Cemeteries &	1,697,381	2,108	15,898		40,891	31,550	(530)	(204)	1,787,094	542,438			65,886	(406)	55	(2,648)		605,325	1,181,768																
Governance	123,546		55,641		1,818	6,335	(132)		187,207	42,886			5,159	(118)		(0)		47,827	139,281																
Communications	2,285				543	—	(102)		2,726	1,240			352	(88)				1,504	1,222																
Regional Centres	105,043		2,107		1,082	112	(23)		108,321	31,689			2,974	(21)				34,641	73,679																
Human Resources	15,388				1,264	—	(667)		15,995	9,521			1,250	(633)				10,138	5,846																
Management Services & Org Developm	685				76	—	(121)		640	404			98	(108)				394	246																
Finance	17,171				236	—	(376)		17,032	13,149			671	(323)				13,497	3,535																
City Fleet	912,201		30,466		174,499	20,935	(9,508)		1,128,593	521,131			80,620	(8,175)	2,006			595,583	533,011																
Durban Transport	707,366		9,398		15,279	(9,398)	(10,345)		712,300	200,464			78,999	(3,973)	11,693			287,183	425,117																
Office Of Audit & Performance Manager	1,331				66	—	(292)		1,125	759			143	(210)				692	433																
Information Technology	605,331				56,930	—	(3,726)		658,535	331,545			80,196	(353)				411,387	247,148																
Ethekwini Transport Authority	551,860		123,478	(134,107)	156,835	(19,412)	(245)		678,408	174,601			29,654	(183)	663			204,734	473,674																
Occupational Health & Safety	2,632				505	—	(35)		3,103	1,461			447	(32)				1,876	1,227																
Performance Management	591				24	—			605	230			—					230	375																
Durban Energy Office	23,636		9,536		28,758	(3,436)	(25)		58,469	1,320			1,287	(17)				2,590	55,879																
Income	29,069	28,005	342,556		2,718	(0)	(1,399)		400,950	21,111			1,798	(1,865)				21,045	379,905																
Finance and Major Projects	935				131	—	(108)		968	670			112	(90)				892	266																
Int Control and Business Systems	185,621		3,133		1,984	30,148	(517)		220,369	52,523			5,212	(410)				57,325	163,044																
ABMS	10,340		34,620		66	3,479	(152)		48,353	2,218			492	(62)				2,649	45,704																
SDB	11,800				34	—			11,834	1,302			339					1,641	10,193																
ABM INK	29,659				—	—			29,659	5,321			1,600					6,921	22,738																
Water	6,858,986	134,109	811,697	(157,226)	215,268	416,090	(5,897)	285	8,273,310	945,947			164,556	(5,130)		(295)	1,105,078	7,168,233																	
Sanitation	2,579,354	156,874	1,443,638	(66,658)	160,509	66,073	(1,304)	(5)	4,338,481	690,122			139,386	(716)		4	828,796	3,509,685																	
Solid Waste	997,426	(405)	68,451	(45,685)	45,760	93,972	(1,779)	(2)	1,157,739	650,705			88,313	(1,660)				737,359	420,380																
Airport	1,863				408	—			2,211	548			87					1,576	355																
Moses Mabhida Stadium	2,974,836				19,288	—	372		2,994,406	293,071			116,546		11	(49)	(225)	409,354	2,585,142																
Housing	86,038		48,155		62,118	(12,306)	(415)		183,589	62,588			43,011	(362)				105,236	78,353																
Market Service	113,113				7,972	—	(9)	4	121,079	24,599			3,248	(8)		(1)		27,838	93,241																
Gas	109,676				2,991	—			112,667	13,486			4,295					17,781	94,886																
Electricity Service	6,139,032		212,323		365,161	233,080	(79,902)		7,070,694	2,117,867			232,094	(78,907)				2,271,054	4,799,639																
Durban Marine Theme Park (Pty) LTD	638,110		131		11,234	459	(3,612)		646,322	225,421			33,249	(2,894)	86			255,861	390,461																
ICC Durban SOC Ltd	876,742				14,070	—			892,811	203,358			27,311					230,669	662,142																
Total	38,347,729	650,946	5,030,519	(671,795)	2,421,667	1,001,297	(127,208)	(26)	46,653,129	9,512,267	—	9,085	1,595,352	(111,264)	20,803	(2,717)	13	11,023,538	35,629,590																

eThekweni Municipality
Annual Financial Statements for the year ended 30 June 2013
Figures in Rand thousand

APPENDIX A: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

	Cost									Accumulated Depreciation										Carrying Value													
	Opening Balance Cost	Prior Year Adjustments	Opening Balance Capital	Opening under construction	Additions	Under Construction		Disposals	Transfers	Closing Balance	Opening Balance	Opening Impairments	Prior Year Adjustments	Additions		Disposals	Impairments	Impairments Reversal	Transfers		Closing Balance												
						R'000	R'000							R'000	R'000							R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Miscellaneous	28,454				287					28,454	11,350			1,672						13,022	15,432												
Formal Housing	12				69	--	(1,535)			(236)	415			2,210	(1,209)					1,011	(2,247)												
Legal Services	9,514	8			69	--	(238)			9,352	2,057			415	(220)					2,232	7,101												
Real Estates	83,362				1,387	1,918	(263)			85,511	17,753			2,590	(254)					20,089	65,422												
Health	182,887		7,120		6,935	7,731	(102)			204,571	63,830			6,982	(94)		(19)			70,698	133,873												
Site Development	2,049				237	--	(50)			2,237	1,179			412	(34)					1,558	679												
Emergency Control Centre - Admin	90,003		1,406		9,011	(1,406)		(34)		98,979	52,810			8,412				26		61,249	37,731												
Grant in Aid	23,605				270	--				23,875	2,528			1,133						3,661	20,213												
Security	1,469				507	2,686	(5)			4,656	677			219	(5)					891	3,765												
Metropolitan Police	82,738				947	--	(871)			82,815	26,167			4,372	(743)					29,796	53,019												
Retail Market	66,963				19	150	(2)			67,130	24,056			1,777	(6)	1,421				27,253	39,877												
Housing	1,188,974							(136)		1,188,838	216,256							106		216,362	972,476												
Municipal Information & Policy	4,554						(13)			4,541	2,446			263	(13)					2,607	1,845												
ombudsperson & Head. Investigation	503				267	--	(113)			657	410			75	(108)					377	280												
Office Of International & Governance	592				20	--				612	379			75						454	158												
Community Participation	3,264				89	--				3,353	2,635			246						2,881	472												
Office Of Geographic Information	4,083				181	--	(9)			4,256	1,329			360	(7)					1,681	2,574												
City Manager's Office	107	0								107	103			96						199	(82)												
Strategic Projects	634,745		22,789		115,280	(20,821)	(108)	(68)		751,816	51,309			26,653	(89)		(1)	53		77,625	673,692												
Office Of The D.C.M. Sust. Development	229				102	--				331	106			10						116	215												
Office Of The D.C.M. Sust.Procurement	382				174	--	(23)			453	124			61	(4)					169	271												
Office Of The D.C.M. Health, Safety	4,501		52		101	--	(0)			4,654	1,330			394	(9)					1,723	2,931												
Office Of The D.C.M. Corp & HR	151				2	--				153	76			37						113	40												
Office Of The D.C.M. Governance	12					--				12	11			0						11	1												
Office Of The D.C.M. Health & Social	7,035				44	--				7,079	1,580			624						2,217	4,862												
Office Of The D.C.M. Treasury	872				101	--	(36)			936	679			77	(30)					726	210												
Development Planning & Management	70,095		6,010		5,410	--	(86)			81,409	5,131			1,007	(80)					6,098	75,372												
Economic Development & Facilitation	380,297		135,013		16,286	74,136	(11)			605,721	36,040			16,609	(6)					52,844	563,877												
City Enterprises	7,951				147	--	(23)			8,076	5,983			479	(21)					6,441	1,635												
Business Support	142,943		1,009		1,023	568	(9)			145,534	37,135			5,368	(9)					42,494	103,039												
Procurement	13,003		914		152	439	(148)			14,360	7,794			845	(115)					8,524	5,836												
Engineering	8,442,876	330,255	1,633,956	(268,119)	857,965	68,934	(940)	(238)		11,065,688	1,662,352		9,085	290,301	(9,778)	4,868		185		1,957,013	9,108,675												
Emergency Services	258,580				11,013	9,186	(1,345)			292,834	101,877			12,192	(605)			159		113,623	179,211												
Parks, Recreation, Cemeteries & Governance	1,697,381	2,108			40,891	31,550	(530)	(204)		1,787,094	542,438			65,886	(406)	55	(2,364)			605,609	1,181,484												
	123,546		55,641		1,816	6,335	(132)			187,267	42,886			5,159	(118)		(6)			47,927	139,281												
Communications	2,285				543	--	(102)			2,728	1,240			352	(88)					1,504	1,222												
Regional Centres	105,043		2,107		1,082	113	(23)			106,322	31,689			2,974	(21)					34,641	73,680												
Human Resources	15,388				1,264	--	(667)			15,986	9,521			1,250	(633)					10,138	5,846												
Management Services & Org Development	685				76	--	(121)			640	404			98	(108)					394	246												
Finance	17,171				236	--	(378)			17,032	13,149			671	(323)					13,497	3,535												
City Fleet	912,201		30,466		174,499	20,935	(9,508)			1,128,993	521,131			80,620	(8,175)	2,006				595,583	533,011												
Durban Transport	707,366		9,396		15,279	(9,396)	(10,345)			712,960	200,464			78,999	(3,973)	11,893				287,163	425,117												
Office Of Audit & Performance Management	1,331				86	--	(262)			1,125	759			143	(210)					692	433												
Information Technology	605,331				56,930	--	(3,726)			658,535	331,545			80,197	(353)					411,389	247,146												
eThekweni Transport Authority	551,860		123,478	(134,107)	156,830	(19,412)	(245)			678,408	174,801			29,654	(183)	683				204,734	473,674												
Occupational Health & Safety	2,632				505	--	(35)			3,103	1,461			447	(32)					1,876	1,227												
Performance Management	581				24	--				605	230									230	375												
Durban Energy Office	23,636		9,536		28,758	(3,436)	(25)			58,499	1,320			1,287	(17)					2,590	55,879												
Income	29,069	28,005	342,556		2,716	(0)	(1,999)			400,990	21,111			1,798	(1,865)					21,045	379,905												
Finance and Major Projects	935				131	--	(108)			958	670			112	(90)					692	266												
Int Control and Business Systems	185,621		3,133		1,984	30,148	(917)			220,369	52,523			5,212	(410)					57,325	163,044												
ADMS	10,340		34,620		86	3,479	(152)			48,353	2,218			492	(62)					2,649	45,704												
SOB	11,800				34	--				11,834	1,303			339						1,642	10,192												
ADM INK	29,659									29,659	5,321			1,600						6,921	22,738												
Water	6,858,986	134,109	811,697	(157,228)	215,268	416,090	(5,897)	285		8,273,310	945,947			164,556	(5,130)		(295)			1,105,078	7,168,233												
Sanitation	2,579,354	156,874	1,443,638		169,509	66,073	(1,304)	(5)		4,338,481	690,122			139,386	(716)		4			828,796	3,509,685												
Solid Waste	997,426	(405)	68,451		45,760	93,972	(1,779)	(2)		1,157,739	850,705			88,313	(1,660)			1		737,359	420,380												
Airport	1,803				408	--				2,211	548			87						636	1,576												
Moses Mabhida Stadium	2,974,836				19,288	--		372		2,994,496	293,071			116,546		11	(49)	(225)		409,354	2,585,142												
Housing	86,038		48,155		62,118	(12,306)	(415)			183,589	62,588			43,011	(362)					105,237	78,352												
Market Service	113,113				7,972	--	(9)	4		121,079	24,599			3,248	(8)		(1)			27,838	93,241												
Gas	109,676				2,991	--				112,667	13,485			4,295						17,781	94,886												
Electricity Service	6,335,032		212,323		385,161	233,080	(79,902)			7,070,694	2,117,867			232,094	(78,907)					2,271,054	4,799,639												
Total	36,836,877	650,946	5,036,388	(871,795)	2,396,647	1,006,839	(122,556)	(26)		45,114,320	9,892,432	--	9,085	1,534,796	(117,275)	26,717	(2,433)	13		16,637,335	34,576,885												

eThekweni Municipality and its Municipal Entities

APPENDIX B: GROUP : SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

2012 Actual Income	2012 Actual Expenditure	2012 Surplus/ (Deficit)		2013 Actual Income	2013 Actual Expenditure	2013 Surplus/ (Deficit)
<u>R'000</u>	<u>R'000</u>	<u>R'000</u>		<u>R'000</u>	<u>R'000</u>	<u>R'000</u>
33,323	244,691	(211,368)	Executive & Council	34,228	284,808	(250,580)
7,189,392	2,809,987	4,379,405	Finance & Admin	8,205,443	2,094,793	6,110,649
230,268	716,575	(486,307)	Planning & Development	247,121	716,958	(469,837)
57,610	313,200	(255,590)	Health	74,189	337,867	(263,678)
49,481	563,691	(514,210)	Community & Social Services	75,476	639,932	(564,456)
863,931	1,130,023	(266,092)	Housing	306,528	724,113	(417,585)
145,592	1,039,661	(894,069)	Public Safety	134,331	1,176,902	(1,042,571)
97,851	1,027,911	(930,060)	Sport & Recreation	98,417	1,128,651	(1,030,234)
1,822	126,020	(124,198)	Environmental Protection	2,054	129,426	(127,372)
2,183,176	2,080,393	102,783	Waste Management	2,445,964	2,221,571	224,393
994,763	1,547,797	(553,034)	Road Transport	1,079,523	1,784,355	(704,832)
3,190,097	2,905,221	284,876	Water	3,526,936	3,564,011	(37,075)
8,949,656	7,685,188	1,264,468	Electricity	10,200,547	8,792,591	1,407,956
81,144	128,881	(47,737)	Other	88,232	164,539	(76,307)
152,885	191,806	(38,921)	Durban Marine Theme Park (Pty)Ltd	170,880	201,800	(30,920)
243,367	204,107	39,260	ICC Durban (Pty)Ltd	165,676	166,681	(1,005)
8,190	7,262	928	Ethekeeni Transport Authority	5,639	3,485	2,154
14,392	4,636	9,756	Effingham/Link Road Joint Venture	3,349	2,115	1,234
24,486,940	22,727,050	1,759,890	Sub Total	26,864,533	24,134,598	2,729,934
(2,007,401)	(2,007,401)	0	Less Inter-Dep charges	(2,261,582)	(2,261,582)	0
22,479,539	20,719,649	1,759,890	Total	24,602,951	21,873,017	2,729,934

eThekweni Municipality and its Municipal Entities

APPENDIX B: ETHEKWINI MUNICIPALITY : SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

2012 Actual Income	2012 Actual Expenditure	2012 Surplus/ (Deficit)		2013 Actual Income	2013 Actual Expenditure	2013 Surplus/ (Deficit)
R'000	R'000	R'000		R'000	R'000	R'000
33,323	244,691	(211,368)	Executive & Council	34,228	284,808	(250,580)
7,329,336	2,993,518	4,335,818	Finance & Admin	8,283,207	2,230,559	6,052,648
230,268	716,575	(486,307)	Planning & Development	247,121	716,958	(469,837)
57,610	313,200	(255,590)	Health	74,189	337,867	(263,678)
49,481	563,691	(514,210)	Community & Social Services	75,476	639,932	(564,456)
863,931	1,130,023	(266,092)	Housing	306,528	724,113	(417,585)
145,592	1,039,661	(894,069)	Public Safety	134,331	1,176,902	(1,042,571)
97,851	1,027,911	(930,060)	Sport & Recreation	98,417	1,128,651	(1,030,234)
1,822	126,020	(124,198)	Environmental Protection	2,054	129,426	(127,372)
2,183,176	2,080,393	102,783	Waste Management	2,445,964	2,221,571	224,393
994,763	1,547,797	(553,034)	Road Transport	1,079,523	1,784,355	(704,832)
3,190,097	2,905,221	284,876	Water	3,526,936	3,564,011	(37,075)
8,949,656	7,685,188	1,264,468	Electricity	10,200,547	8,792,591	1,407,956
81,144	128,881	(47,737)	Other	88,232	164,539	(76,307)
24,208,050	22,502,770	1,705,280	Sub Total	26,596,753	23,896,283	2,700,469
9,755		9,755	Share of Income from Joint Venture	1,231		1,231
(2,007,401)	(2,007,401)	0	Less Inter-Dep charges	(2,261,582)	(2,261,582)	0
22,210,404	20,495,369	1,724,790	Total	24,336,402	21,634,701	2,702,931

eThekweni Municipality

Annual Financial Statements for the year ended 30 June 2013

Figures in Rand thousand

APPENDIX C : DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 MFMA,56 OF 2003

NAME OF GRANT	NAME OF ORGAN OF STATE OR MUNICIPAL ENTITY	QUARTELY RECEIPTS					QUARTELY EXPENDITURE					GRANTS AND SUBSIDIES DELAYED/ WITHHELD					REASON FOR DELAY OF FUNDS	DID YOUR MUNICIPALITY COMPLY WITH THE GRANT CONDITIONS IN TERMS OF GRANT	REASON FOR NON COMPLIANCE
		Sept R'000	Dec R'000	Mar R'000	Jun R'000	TOTAL	Sept R'000	Dec	Mar R'000	Jun R'000	TOTAL	Sept R'000	Dec R'000	Mar R'000	Jun R'000	TOTAL			
Financial Management Grant	National Treasury	1,500				1,500	1,500				1,500							Yes	N/A
Urban Settlements Grant	Human Settlements	261,325	335,222	691,013		1,287,560	78,003	164,676	143,829	929,421	1,315,929							Yes	N/A
Equitable Share/Subsidy	National Treasury	737,255	542,175	489,982		1,769,412	737,255	542,175	489,982		1,769,412							Yes	N/A
SRSA	National Treasury			28,923		28,923			28,923		28,923							Yes	N/A
Infrastructure Skills Development Grant	National Treasury	12,930		10,000		22,930	10,300		737	8,736	19,773			3,000		3,000	Delays at uMngeni	Yes	N/A
PTIF	Department of Transport - National	20,000	101,000	474,510		595,510	22,076	19,601	4,829	77,822	124,328		42,259			42,259	Roll over not approved	Yes	N/A
Vuna Awards	National Treasury						93	60	21	14	188							Yes	N/A
National Economic Development	Department of Economic Development				125	125					125							Yes	N/A
Nighbourhood Development Grant	National Treasury		6,000	4,000		10,000		1,241	489	1,784	3,514		2,091			2,091	Roll over not approved	Yes	N/A
Expanded Public Works Programme	Department of Public Works	16,942	12,707	12,707		42,356	3,965	5,507	5,482	9,517	24,471							Yes	N/A
ESKOM	Department of Minerals and Energy			839		839												Yes	N/A
Demand Side Management Grant	Department of Minerals and Energy						5,601	2,853	19,077	4,241	31,772		3,279			3,279	Roll over not approved	Yes	N/A
Trade and Investment	Department of Trade and Investments				104	104					104							Yes	N/A
National Electrification Programme	Department of Minerals and Energy	5,000				5,000	5,000				5,000							Yes	N/A
Government Health Subsidy	KZN Department of Health			68,957		68,957	17,240	17,239	17,239	17,239	68,957							Yes	N/A
Department of Arts and Culture	KZN Department of Arts and Culture	73,316			4,293	77,609	684	997	838	841	3,360							Yes	N/A
Department of Environmental Affairs	Department of Environmental Affairs							130			2,638							Yes	N/A
Grant Accreditation	Department of Human Settlements			4,525		4,525		59		4,525	4,584							Yes	N/A
Department of Local Government & Traditional Affairs	KZN COGTA										1,793							Yes	N/A
Department of Human Settlements	Department of Human Settlements	60,000	3,111	95,000	28,384	186,495	68,911	32,834	4,331	51,146	157,222							Yes	N/A
Special Grant : IGR	KZN Department of Economic Development & Tourism			7,775		7,775			7,775		7,775							Yes	N/A
KZNPA Subsidy	KZN Department of Transport	4,863	4,863	4,863	4,864	19,453	4,863	4,863	4,863	4,864	19,453							Yes	N/A
Provincial Grants and Subsidies	Provincial Government Departments		16,717			16,717	3,000	4,121	3,560	3,560	14,241							Yes	N/A
Municipal Transport Authority	KZN Department of Transport									32	32							Yes	N/A
Grand Total		1,193,131	1,021,795	1,893,094	37,770	4,145,790	958,491	796,356	731,975	1,118,402	3,605,224	0	47,629	3,000	0	50,629			

	2013 R'000	2012 R'000
REVENUE		
Rental of facilities and equipment	61,806	63,963
Rent Non Bowl Events	15,254	21,976
Rent Bowl Events	30,578	15,152
Rent Shops	9,861	13,666
Suites & Business Clubs	5,752	12,756
Rent Parking Bays	960	412
Interest earned – external investments	0	30
Interest Received	0	30
Government grants and subsidies (Capital)	0	14,789
Fifa World Cup Stadium	0	14,789
Other income	11,773	7,534
Adventure Walk	55	71
Donations PPE	24	0
Mobile Kiosks	49	201
People's Park	5,278	0
Reversal of loss : PPE	49	0
Skycar	4,676	5,556
Sponsorships	1,019	0
Stadium Tours	623	811
Sundry Income	0	895
Total operating revenue	73,579	86,315
EXPENDITURE		
Bad Debts	-1,356	1,499
Bad Debts Provision	-1,356	1,499
Depreciation – Property, Plant and Equipment	116,762	115,380
Depreciation	116,762	115,380
Contracted Services	4,620	4,200
Management Fees	4,620	4,200
Impairments	11	120
Impairments – Property Plant & Equipment	11	120
General expenses	104,918	91,119
Electricity	12,796	11,039
Fuel & Oil : Vehicles	14	-
Hire of Temporary Seats	934	0
Refuse Removal	88,541	565
Stadium Operational Costs	57	77,207
Hire Of City Fleet	2,575	-
Water		2,308
Loss on disposal of property, plant and equipment	-	17
Loss on Disposal of Assets	-	17
Total operating expenditure	224,954	212,335
DEFICIT FOR THE YEAR	-151,375	-126,020

Volume Three

**Durban Marine Theme Park (Pty) Ltd.
Annual Report Incl. Annual Financial
Statements 2012/2013**

**Durban Marine Theme Park SOC Limited (RF)
Trading as
uShaka Marine World**

ANNUAL REPORT FOR THE PERIOD 30 JUNE 2013

- A. Executive summary including Performance Report
- B. Sustainability and Human Resource Report
- C. Ethekewini Audit Committee report with Annual Financial Statements

Durban Marine Theme Park (Pty) Ltd

Trading as

uShaka Marine World

Annual Report

A EXECUTIVE SUMMARY

1 INTRODUCTION AND OVERVIEW

Durban Marine Theme Park (Pty) Ltd, trading as uShaka Marine World, had a satisfactory 2012/13 on the footfall front, with total admissions of 1 505 760 which represents an increase of 2% over the previous year. This is the second year of fairly low growth in comparison to the period before where double digit growth was experience over three years. This can be attributed to three main factors; firstly, the schools attendance was down significantly due to new rules regarding students travelling, secondly, the macro-economic environment has been sluggish which has had a major impact on disposable income and thirdly, the additional attractions introduced, such as Kids World and Dangerous Creatures, have plateaued. The point has already been made in the previous annual report about ongoing revitalization of the park through new exhibits and events and during the recent strategic review of the entity, it is pleasing to report that the shareholder acknowledges this and a comprehensive strategic plan is being formulated that addresses the growth of the park over the next 20 years.

Total revenue for the financial year came in at R 171.1 mil, with Ticketing comprising the bulk at 50%. Other contributors were Food and Beverage: 25%, Rentals from Village Walk: 13% and Merchandising: 4%. Events, parking, sponsorship and sundry revenue made up the remaining 8%. Some of the revenue generators posted strong results, with Food and Beverage (F&B) growing by 15% over the previous financial year. The Merchandising department also posted a strong performance with an increase of 27% over the previous year. The net result of this, together with substantial cost savings (mainly on the utilities front), resulted in an EBITDA of R 12.5 mil.

uShaka Marine World is no longer operated by the management company, High Footprint Management (Pty) Ltd (HFM), as the ten year management contract expired in March 2013 and a decision was made by the major shareholder to run the park independently and transfer all of the staff employed by HFM into DMTP. The institutional knowledge and requisite skills were thus retained and the transition took place in smooth manner, overseen by a Transitional Committee of the board of Directors of DMTP.

uShaka Marine World is about family entertainment and strives to deliver an unmatched, fun experience to all its visitors. It forms an integral part of the overall Durban beachfront offering and in so doing, continues to be a major tourist attraction for both national and international visitors alike. It consistently ranks as one of the major draw cards for people visiting Durban

uShaka Marine World Annual Report

and for the 6th year running, the park has been ranked “the coolest, fun destination” in KZN by The Sunday Times Generation Next Survey.

uShaka Marine World’s vision is:

“To create awareness of conservation, through fun, knowledge and adventure”

The culture of the company revolves around three core areas:

- Consistently high standards
- Accountability for actions
- Passionate about service delivery

Covering 16 hectares, uShaka Marine World is the largest marine theme park in Africa and consists of four distinct divisions:

- **Wet ‘n Wild**
This outstanding park consisting of water based slides and rides are a must for any aquatic enthusiast. Featuring heated water in areas, exciting slides, the highest slide in Africa, a 450 metre Duzi Adventure River, as well as souvenir stores and restaurants, Wet ‘n Wild is a must for any family wanting a fun day out in the sun. Wet ‘n Wild is the main attraction during peak seasons – particularly in summer and capacity constraints come into play during these times. It is mainly for this reason that only “combo” tickets are sold during peak, as it helps with crowd dispersion into less congested areas.
- **Sea World**
The jewel in the crown of uShaka Marine World, Sea World boasts not only the largest aquarium in the southern hemisphere, but also a 1200 seater dolphin stadium, a 450 seater seal stadium and the ‘Phantom Ship’ consisting of restaurants and bars. The “Wreck” aquarium is an underground aquarium featuring 5 themed shipwrecks and approximately 10 000 creatures. SeaWorld plays a major role in positioning the park as an exciting destination with a conservation ethos.
- **uShaka Kids World**
uShaka Kids World has been designed with kids under the age of 12 in mind; a place where children truly have the freedom to play! Sandwiched between Sea World and the Village Walk, uShaka Kids World is a haven for young kids and was designed with a host of activities and interactive areas. Boasting Africa’s biggest jungle gym, it also has Crabby Beach (giant sandpit), Polly’s Paint Pen (painting paradise) and Cast-Aways (show time stage area, with interactive mascot shows). The much

uShaka Marine World

Annual Report

anticipated “wet area” called “Splish Splash Sprinkler Zone” came on stream in December 2011.

- **Village Walk**
This uniquely themed shopping centre covers 10 000m² and has 73 outlets ranging from fashion to food and beverage, including the iconic Moyos on the Pier. The Village Walk has emerged as a destination shopping centre because of its unique “look and feel” and the inclusion of Dangerous Creatures within the centre has cemented this uniqueness.

The following business objectives have been driven actively by the various operating divisions of the park and have been identified to enhance both footfall and revenue. These objectives cut across both ticketing revenue and the other revenue streams that contribute towards total revenue.

- **Repeat visitation**
The platinum pass base has plateaued and the offering, as well as pricing, is being reviewed. The take up of the new passes introduced has been slow and the “fun pass” will be discontinued after research revealed muted guest response. The Kids World Pass is being reviewed and a re-launch is planned for the year ahead. Apart from the focus on the role of passes, various other repeat visitation initiatives were introduced such as the “bounce back” voucher and most significantly, the “cluster campaign” which also formed part of the off peak and emerging market strategies.
- **Kids market**
The kids market is divided into the under 12 segment and the teen market - both were targeted, with uShaka Kids World providing the thrust into the younger segment, augmented by an improved birthday offering which proved to be very popular. Events were used mainly for the teen market and “House of Fear” within Village Walk was run for a second year. Merchandising supported both segments, with the introduction of new product – in particular the Ocean Buddies store in Village Walk built around the concept of “build a bear”.
- **Merchandising**
This business unit continued its evolution started three years ago, with new look shops and product lines. Mobile vending was enhanced, and the addition of the Ocean Buddies store referred to earlier, was a big commitment to a new idea and the younger age group. The conservation range launched in 2011 has met with limited success and will be reviewed in the coming financial year.
- **Food and Beverage**
The F&B offering has been carefully reviewed and a major decision to close the Upperdeck was taken during the year. The venue was subsequently leased out to a franchisee and the net result was a significant improvement in bottom line to uShaka (note: there were no retrenchments, as staff were re-deployed into other F&B units). Wahooz on the promenade has matured and become a destination for people strolling along the

uShaka Marine World Annual Report

promenade and the music offering will be expanded to entrench its positioning as a daytime music venue. Fast food and Vending performed very well and the focus on this unit has paid off. Cargo Hold in the Phantom Ship remains popular with visitors and locals alike and the relocation of the entrance onto the promenade has improved walk-in trade during the day. The Functions unit was the star performer in the department and posted a very impressive result for the year. Linkages with the city in this area have proved to be successful and catering was done at both the Indaba beach party and July horse racing events.

- **Night time offering**

Certain events such as Dolphins by Starlight continue to grow and new ideas such a VIP party for Platinum Pass members were introduced. This objective remains a challenge however, due mainly to the negative perception amongst potential guests to travel into the Point precinct at night. Discussions have been initiated with city representatives to improve access and also consider alternative routes in the area.

- **Events**

Bigger and longer events were driven and anchor events such as Dolphins by Starlight, Mr and Miss uShaka and Zulu Dance Championships have grown in stature, as well as attendance. Additional events were also introduced on an opportunistic basis, including a New Year's Eve party for the first time in a number of years and the year ahead will see further expansion in this area.

- **New markets**

Potentially new and exciting markets have been explored, which have included both the South African regional market, the SADC market and cruise ships. There has been mixed success with these initiatives and some have been dropped, whereas others have been pursued more vigorously. The local regional markets of the North and South Coasts, as well as the midlands have shown good results and the KZN market together with the local Durban market accounts for between 50 and 60% of visitation. Gauteng remains important and accounts for between 15 and 20% of visitation. The other provinces are small, as is SADC countries but uShaka partners with both Durban Tourism and TKZN in growing these potential markets. The cruise ship market has grown nicely and in season international guests from this segment can account for up to 10% of visitation.

- **Emerging market**

The ever expanding black middle class has been a focus over the last year and the cluster campaign formed the backbone of the thrust into this market segment. The demographics of visitation to the park has shifted over the last two years and currently sits at equal percentages for Indian and White (around 36%). Black at 20% and Coloured 8%. The demographics are of course linked to not only people's preferences on how they spend their leisure time, but affordability and it must be remembered that the target market from an LSM perspective is 7 and above. The off peak strategy addressed below, does however, seek to tap into a slightly lower LSM market, also via the cluster approach.

uShaka Marine World Annual Report

- **Off peak strategy**

The off peak strategy encompasses a number of different initiatives to drive footfall to the park over the periods that are traditionally quiet. The park generates approximately half of its annual revenue over 10 weeks in the year. Thus, the discounting philosophy, which is an integral part of the Pricing Strategy, is used to drive footfall down to the park in the off peak periods. The marketing strategy compliments this approach by appealing to different market segments that may not normally be able to afford to visit the park. Apart from specific initiatives for the park, uShaka have also been instrumental in driving an industry initiative via the Tourism Committee (under the auspices of the Durban Chamber of Commerce) . A number of key tourism players within Durban have committed to developing the "Fun Season" season over the May - July period. This is a medium term strategy around "packaging" Durban and offering value over this period. It will take a number of years to come to fruition, but Durban Tourism have embraced the concept and the industry are gradually coming on board.

2 MARKETING

The marketing objective is always to grow brand awareness, footfall admissions (which in turn drives ticketing revenue), and to support the many other revenue streams of the Park. By growing the brand presence of uShaka in the market, it offers a promise to the guest which is delivered through the actual experience of value and UNLIMITED FUN.

The Marketing Strategy at uShaka continues to evolve, from building brand awareness, into call-to-action marketing / direct communication; using different media channels, and introducing the park to new market segments. The approach has been to keep current guests, whilst at the same time gain new ones. The strategy has revolved around in-park communication to guests (via more signage, brochures, and in-park up-sells); uShaka Passes (multi-level passes, better benefits, an annual free party, discounts when renewing, digital communication, and the introduction of an uShaka Kids World Pass), a targeted strategy to the local market; and off-peak deals to encourage repeat visitation. By increasing repeat visitation, many levels of revenue generation are positively impacted – from ticketing to food and beverage, parking and merchandising.

The Off-Peak Strategy was enhanced during the year. This was done by offering new market segments, who traditionally do not visit the park, discounted tickets at certain times of the year. These were driven by Service vouchers (targeting people in the service industry); company days; Cluster Marketing into emerging market areas and lower LSM's, forays into the Student Market; regional markets (North Coast, South Coast, and Inland KZN) and entering into partnerships with National Malls for "promotional interactive areas".

The Pricing Strategy continued with two peak seasons (around Christmas and Easter) allowing for Combo tickets only, and then the discounting approach over the off-peak period, targeting new markets and local market repeat visitation. Yield optimization remains the key objective within the pricing strategy.

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Partnerships played a large role in uShaka gaining brand exposure for the Park. By aligning the Park with key roles players in KZN (Durban Tourism, the Durban Tourism Committee, Durban Municipality, KZN Tourism, East Coast Radio, Sharks Rugby, Dolphins Cricket, KZN Sharks Board, Ezemvelo Wildlife, etc.) and South Africa (Tourism South Africa, Brand South Africa) uShaka were able to tie up co-promotions that complement each other's marketing efforts. This resulted in increased exposure, particularly during peak periods. In this light, and in conjunction with key role players in Durban, a campaign was for the second year run positioning Durban as "the" place to be in May / June with great deals – "The FUN Season". This is traditionally a quieter time in terms of footfall, but the weather is perfect and uShaka were instrumental in driving this initiative via a "task team" of the Tourism Committee.

The Kids Market (including the teenage market) had a strong focus, with opportunities to increase the visitation via parties and targeted events. Attractions included the Halloween Kids Party (teenage market), the House of Fear (teenage market) the Largest Easter Egg Hunt in Africa (kids market), the new Body Tornado slide (both markets), and the introduction of the uShaka Kids World Play Pass (Kids Market).

uShaka's drive, together with various City initiatives, will continue to market uShaka as a night-time destination, to entice guests to increase their dwell time in the park, and also come down to the park after hours. Entertainment was geared towards these markets by offering night-time entertainment and events around uShaka's attractions (Dolphins by Starlight, Mr. and Miss uShaka, Halloween, night-time parties, etc.). Combined with pool parties (Wet 'n Wild), Christmas Lights in Village Walk, as well as the positioning of Wahooz as a music destination, uShaka will continue to evolve as a destination for night-time entertainment.

Events continued to be bigger and longer in 2013. Five anchor events were executed, each driving footfall and revenue, and ensuring that guests have an unmatched fun experience in the park. The PR around these anchor events is significant. Halloween is now run over a full month in September / October; while the Largest Easter Egg Hunt has doubled its market presence – in spend, footfall, exposure, and days run. Dolphins by Starlight has proved to be a "must see" event in the December calendar, and continues to outperform all expectations. With communication, entertainment and guest experiences benchmarked against international theme park standards, uShaka will continue to offer guests experiences that are unmatched in the market.

Entertainment at uShaka forms a major part of the guest experience. With a focus on "consistent guest experiences", a migration of the entertainment budget was seen towards the latter part of the financial year, with a more balanced budget spread over peak and off-peak periods, designed to ensure that guests, no matter when they visit uShaka, have similar guest entertainment experiences. Entertainment was boosted in the entire Park through sponsorship – in particular the partnership with the Department of Arts and Culture.

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Channels to market matched the existing target markets, with new channels designed to target the new Cluster Strategy and Service Voucher Strategy. Broadcast media had the lion's share of the marketing spend. The digital channel outperformed expectations which resulted in an increase of spend. There was also the foray into Out-of-Home, being allocated 4.5% (due to its "wow" factor, such as cabs wrapped in uShaka livery). The percentage breakdown per channel over the year was as follows, and for the year ahead there will be a slight migration towards direct and digital:

Radio	26
Print	21
In Park	10
Direct Promo	19
Digital	9
Creative	5
PR	6
Out of home	4

The Communication Strategy was designed around the brand values, with the integrity of the brand remaining at the forefront of the marketing strategy. Voted the "Coolest Fun Destination in KZN" by Sunday Times Generation Next Independent Surveys for the last six years (and many other accolades including "South Africa's Best Radio Promotion"), uShaka continued to provide thought-provoking, cutting-edge marketing communication, guest experiences, value-for-money, and UNLIMITED FUN. All communication was designed to endear guests to the park's brand values (namely UNLIMITED FUN), as well as drive value as a key selling point. This was achieved by promoting the park's unique attractions (New Body Tornado Slide, Kids World, Dangerous Creatures, Animal Encounters, Dolphin Shows, interactive experiences in Sea World, F&B deals, events and great entertainment). This created a "reason to visit" for guests.

Public Relations play a significant role in gaining "free" exposure for the Park, which also builds brand equity. Public relations efforts over the last few years have concentrated on constantly communicating the variety of activities to do at uShaka, ranging from experiences inside the park, to events and entertainment. This has been coupled with opportunities that have been done by way of partner deals with other stakeholders in the city and the province. Over the past 3 years, PR has increased from R22.4 mil reported at the end of the 2010 financial year to R47.7 mil reported at the end of 2013. PR will continue to play an important role in the marketing of the park and raising the brand profile of uShaka and all its attractions.

The Marketing Strategy will ensure that both new and repeat visitation is targeted, with a key focus in ensuring that uShaka is "the" place to visit for UNLIMITED FUN in South Africa— communicating the benefits of UNLIMITED FUN, excitement, and a fantastic day out with family and friends.

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3 HUMAN RESOURCES

The HR strategy has evolved further and the nine pillar approach outlined last year and fed into a talent management approach that will be rolled out with various action plans supporting the overall objective. Training has also undergone a strategic review, with additional funds being allocated on an incremental basis going forward over the next five years. Key focus areas are service training for all front line staff, as well as middle management.

The new structure for HR, with Business Partners focusing on servicing their internal clients – particularly around IR matters and OD focusing on performance management and wellness, has progressed and will be further bedded down in the coming year.

4 SOUTH AFRICAN ASSOCIATION FOR MARINE BIOLOGICAL RESEARCH

The South African Association for Marine Biological Research (SAAMBR) is a Non Profit Company (Registration No. 1951/000002/08) and a Public Benefit Organisation. SAAMBR is an independent contractor appointed to operate the uShaka Sea World component of uShaka Marine World. The company is made up of three operating divisions - uShaka Sea World, the Sea World Education Centre and the Oceanographic Research Institute.

Attendance

The 2012/2013 period ended with a total of 764 137 visitors to uShaka Sea World, which is slightly above the budget of 725 411 and also above last year's figure of 752 363, however, school attendance came in well below budget at 96 403. The lower than budget attendance figure is attributable to the ban on school outings in August 2012. This ban was implemented by the KZN Department of Education in response to a series of school bus accidents. Although the ban was later revoked, the resulting onerous paperwork requirements for teachers wanting to take their learners on educational excursions have resulted in a decrease in learner attendance. Plans to address this challenge are being implemented by the Education Centre.

Seaworld

The unique component of uShaka Marine World – the uShaka Sea World complex - enjoyed another successful period. SAAMBR continues to hold the only cetaceans in an aquarium in Africa, making the 11 Bottlenose dolphins exceptionally valuable. A total of 743 educational dolphin shows were presented to visitors during the period, and a further 14 special evening shows were presented. The Meet a Dolphin experience increased in popularity and over 700 visitors were able to enjoy this emotional encounter.

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This is more than double the total for the previous year. Two exciting new exhibits were opened during the year. These included the Turtle Rehabilitation Exhibit – which not only provides uShaka Sea World with an opportunity to showcase their role in turtle rehabilitation, but also attracts visitors to a previously underutilised area of the park. The new 'Micro-world' exhibit in the aquarium showcases the tiny animals found in our oceans – many of which cannot be seen with the naked eye. The microscope is a popular feature in this exhibit. The renovations completed in the penguin area have not only improved the guest experience, but have also enhanced the breeding of this endangered species of bird. Almost 1 000 feeds were presented to the visitors during the year. The dedicated team of over 66 volunteers generously gave us over 12 000 hours of their time, working both with learners in the Education Centre and in uShaka Sea World, helping to enhance the visitor experience.

Education

The education team presented curriculum based lessons to 3 687 learners from 56 schools and did guided tours of the aquarium for 2 310 learners. Curriculum linked courses were given to 2 994 learners. A total of 2 762 learners from underprivileged schools enjoyed educational visits to uShaka Sea World, through the generous sponsorship of Natal Portland Cement. The Outreach Programme presented lessons to 9 306 learners at schools in disadvantaged peri-urban and rural areas. This figure is considerably higher than that for the previous year, as the team visited new areas. Teachers' workshops were held for 231 teachers from around the province. The Marine Careers courses, which were presented during the school holidays, were particularly popular, as they provide career information for learners.

Oceanographic Research Institute

The Institute adds enormous credibility to Seaworld and uShaka and has produced more than 435 peer-reviewed research documents, including books, chapters in books, and papers published in journals and conference proceedings. This figure excludes the non-peer-reviewed scientific output such as the more than 1000 consultancy reports, data reports and other documents generated by ORI scientists. More than 110 postgraduate (MSc & PhD) students have been trained in marine science at ORI, where a very high standard is maintained; of the six students who graduated this year, one passed *suma cum laude*, two achieved *cum laude*, and two achieved upper seconds.

During the last year, ORI scientists have travelled to Kenya, Mozambique, Tanzania, Madagascar, Mauritius and Seychelles regionally; and further afield to Australia, Canada, Denmark, Germany, Israel, Norway, Thailand and South Korea- to attend conferences, workshops and carry out consultancies. They have spent a total of 465 days in the field, mainly in the estuaries and coastal waters of KZN, but also in the Eastern Cape, Mozambique, Mayotte and Reunion.

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5 SUSTAINABILITY

Sustainability goes well beyond improving operating efficiencies and developing innovative marketing strategies. We understand that by being seen as a socially responsible organization with integrity and adopting a balanced approach to performance, we are more likely to deliver a premium visitor experience, as well as attract and retain the best employees.

The uShaka Marine World approach to sustainability is based on the following principles:

- management of human resources is also done with long term strategic objectives in mind, incorporating employee wellness;
- ensuring a rigorous approach to risk & compliance management;
- ensuring that the role of marketing the destination has strategic relevance with the objective of growing the footfall over the long term;
- promoting long-term marine conservation through awareness;
- utilisation of natural resources in a responsible manner;
- making a positive socioeconomic contribution to the Point Precinct, the City of Durban and the Province of KwaZulu-Natal;
- reducing our environmental footprint.

6 CONCLUSION

The 2012/13 financial year was very pleasing, posting Earnings before Interest, Tax, Depreciation & Amortization (EBITDA) of R 12.5 mil. Revenue came in below budget at R 171.1 mil, but expenses were also under budget. It must be noted that the depreciation charge on this flagship asset amounted to R 36.4 mil, and together with interest on the debentures, the net loss for the year came in at R30.9 mil. This was significantly better than the previous year and was primarily due to strong performances from some of the revenue centres – in particular Functions, as well as cost savings – most notably electricity.

The plateauing of footfall growth referred to last year has materialized and although the EBITDA result was significantly ahead of target, this is the second year of muted footfall growth. This was anticipated and a strategic session has already been held with all stakeholders to look at the medium to longer term growth opportunities for the park. A comprehensive concept

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document has been submitted to the shareholder and from this a set of strategic objectives with timelines will emerge – some to be executed upon in the coming financial year.

The marketing strategy remains key to delivering the footfall and related revenue and has undergone a major review towards the end of the financial year. Additional funds have been allocated to focus areas within the strategy and entertainment spend has also been increased. This of course cannot occur in isolation and the success of the park will depend on the various initiatives suggested in the concept document that address both maintenance aspects and new attractions in line with conventional theme park management. uShaka Marine World's reputation and "pulling power" is not only important in its own right but forms a vital component to Durban's overall tourism offering and positioning of the city as a fun, family destination – especially for domestic tourists.

uShaka Marine World has always set out to enchant and entertain the public – both young and old, international and local. Durban can legitimately lay claim to having an aquarium complex which is up with the best in the world, and a water park of distinction. With off-peak promotions, a wide range of food and beverage offerings, functions and events, entertainment and shows, uShaka Marine World has continued to provide a unique and fun experience to all its guests.

Refer to Organisational Scorecard attached.

uShaka MARINE WORLD

ORGANISATIONAL PERFORMANCE SCORECARD

FOR THE PERIOD ENDED 01st July 2012 to 30 June 2013

Summary of plans

Plan No	Total # of KPIs	# - Quarterly	# - Annual	#KPIs Quarterly Target Achieved	#KPIs Quarterly Target Not Achieved	Success Rate%
uShaka	36	33	3	27	6	82%

MUNICIPAL ENTITY SCORECARDS 12/13														
National Key Performance Area	Strategic Focus Area (Objective)	Key Performance Indicator	Baseline 11/12	Annual Targets	Target Dates	Indication	3 year target- 2016	Means of Verification	Responsible Manager	Over performance	Measures taken to improve performance	Risk Register	Quarterly target	Status as at end of June 2013
FINANCIAL VIABILITY AND MANAGEMENT	Sales To compile and implement an effective corporate sales strategy that will ensure improvement of revenues generated by the value-added products within the park	Growth in Annual pass sales	There was a decline of 7% on annual pass revenue compared to prior year	To achieve 6 % growth from previous year annual pass sales	30-Jun-13	⬇️	To achieve 6 % growth from previous year annual pass sales	Financial report	Marketing Executive		NOTE B	Financial Sustainability: New Competition, Reduced visitation of guests, Recession	quarterly	Decline of 3% compared to prior year
		Growth in birthday sales	Achieved a 15% growth in comparison to prior year.	To achieve 6 % growth from previous year in birthday sales	30-Jun-13	⬇️	To achieve 6 % growth from previous year in birthday sales	Financial report	Marketing Executive		NOTE 4	Financial Sustainability: New Competition, Reduced visitation of guests, Recession	quarterly	Achieved 31% growth compared to prior year.
		Achieved adjusted budgeted revenues for Food & Beverage Income	Achieved 91% of adjusted budget	To achieve 100% of adjusted budgeted revenues for Food & Beverage Income	30-Jun-13	⬇️	To achieve 100% of adjusted budgeted revenues for Food & Beverage Income	Financial report	F&B executive		N/A	Financial Sustainability: New Competition, Reduced visitation of guests, Recession	To achieve 100% of adjusted budgeted revenues for Food & Beverage Income for this quarter	Achieved 103% of adjusted budget YTD
FINANCIAL VIABILITY AND MANAGEMENT	REVENUES To achieve adjusted budgeted revenues in the following areas that are key drivers of the business: Food & Beverage, Merchandising, and Rental Income	Achieved adjusted budgeted revenues for Merchandising Income	Achieved 98% of adjusted budget	To achieve 100% of adjusted budgeted revenues for Merchandising Income	30-Jun-13	⬇️	To achieve 100% of adjusted budgeted revenues for Merchandising Income	Financial report	Retail Executive		N/A	Financial Sustainability: New Competition, Reduced visitation of guests, Recession	To achieve 100% of adjusted budgeted revenues for Merchandising Income for this quarter	Achieved 110% of adjusted budget YTD
		Achieved adjusted budgeted revenues for Rental Income	Achieved 100% of adjusted budget	To achieve 100% of adjusted budgeted revenues for Rental Income	30-Jun-13	⬇️	To achieve 100% of adjusted budgeted revenues for Rental Income	Financial report	Retail Executive		NOTE C	Financial Sustainability: New Competition, Reduced visitation of guests, Recession	To achieve 100% of adjusted budgeted revenues for Rental Income for this quarter	Achieved 98% of adjusted budget YTD
		To achieve 40% Food cost.	Achieved 39% of food cost.	To achieve 40% Food cost.	30-Jun-13	⬇️	To achieve 40% Food cost.	Financial report	F&B executive		N/A	Financial Sustainability: New Competition, Recession	quarterly	Achieved 38% Food cost
COST OF SALES To maintain and/or reduce cost of sales at predetermined levels in the following areas: Food, Beverage, and Merchandising		To achieve 38% beverage cost.	Achieved 34% of beverage cost	To achieve 38% beverage cost.	30-Jun-13	⬇️	To achieve 38% beverage cost.	Financial report	F&B executive		N/A	Financial Sustainability: New Competition, Recession	quarterly	Achieved 34% of beverage cost
		To achieve 50% of merchandising cost.	Achieved 46% of merchandising cost	To achieve 50% of merchandising cost	30-Jun-13	⬇️	To achieve 50% of merchandising cost	Financial report	Retail Executive		N/A	Financial Sustainability: New Competition, Recession	quarterly	Achieved 48% Merchandising cost
		Exhibits optimally stocked and open 330 days per year	To ensure that seven exhibits are optimally stocked and open 330 days per year	To ensure that seven exhibits are optimally stocked and open 330 days per year	30-Jun-13	⬇️	To ensure that seven exhibits are optimally stocked and open 330 days per year	Physical evidence	Director Sea World		N/A	Business Continuity: Loss of biological asset Management of Biological Assets	quarterly	Target met. All large exhibits stocked and open to the public 100% of time
Aquarium - Large Exhibits	Exhibits optimally stocked and open 330 days per year	To ensure that 35 small exhibits are optimally stocked and open 330 days per year	To ensure that 35 small exhibits are optimally stocked and open 330 days per year	30-Jun-13	⬇️	To ensure that 35 small exhibits are optimally stocked and open 330 days per year	Physical evidence	Director Sea World		N/A	Business Continuity: Loss of biological asset Management of Biological Assets	quarterly	Target met. 45 small exhibits optimally stocked and open to public 100% of the time	
Aquarium - Small Exhibits	Exhibits optimally stocked and open 330 days per year	To ensure that 35 small exhibits are optimally stocked and open 330 days per year	To ensure that 35 small exhibits are optimally stocked and open 330 days per year	30-Jun-13	⬇️	To ensure that 35 small exhibits are optimally stocked and open 330 days per year	Physical evidence	Director Sea World		N/A	Business Continuity: Loss of biological asset Management of Biological Assets	quarterly	Target met. 45 small exhibits optimally stocked and open to public 100% of the time	
New Exhibits	Develop new exhibits	Pop-up exhibit with snakes, black footed shark and a turtle enfield cabinets, Penguin exhibit revamp undertaken, Eco-house and fluorescent tank completed.	To develop at least one new exhibit each year	30-Jun-13	⬇️	To develop at least one new exhibit each year	Physical evidence	Director Sea World		N/A	Financial Sustainability: Reduced visitation of guests	Annual Target	Target met. 2 new exhibits opened - MicroWorld and Turtle Rehabilitation	

MUNICIPAL ENTITY SCORECARDS 12/13										
National Key Performance Area	Strategic Focus Area (Objective)	Key Performance Indicator	Baseline 11/12	Annual Targets	Target Dates	Indication	3 year target- 2014/15	Means of Verification	Responsible Manager	Over performance
FINANCIAL VIABILITY AND MANAGEMENT	Dolphins Shows	To present exciting and educational presentations	Min 2 per day for 385 days	To deliver two presentations per day to guests on 330 days per year	30-Jun-13	☺	To deliver two presentations per day to guests on 330 days per year	Physical evidence	Director Sea World	
	Penguin presentations	To exhibit healthy birds in an educational and entertaining manner	Min 2 presentations per day except when pool was down for 30 days for renovations.	To do two penguin feed presentations per day, 330 days per year	30-Jun-13	☺	To do two penguin feed presentations per day, 330 days per year	Physical evidence	Director Sea World	
	Seals presentation	To present exciting and educational presentations	Min 2 per day except when pool was down for 17 days for renovations.	To present 2 seal shows every day, 330 days per year	30-Jun-13	☺	To present 2 seal shows every day, 330 days per year	Physical evidence	Director Sea World	
	Capacity building teachers workshops for natural & life sciences curriculum	Teachers workshops	18 teacher workshops on Natural and Life Science Curriculum based teachers workshops were held	To hold 11 workshops	30-Jun-13	☺	To hold 11 workshops	SAAMBR Annual Report	Director Education	
	Stimulating teacher and learner awareness of marine careers	Marine Career courses	2 completed.	To hold 2 courses	30-Jun-13	☺	To hold 2 courses	SAAMBR Annual Report	Director Education	
	Stimulating new staff Awareness of the Marine Environment through education.	Basic marine ecology course	9 completed	To hold 9 courses	30-Jun-13	☺	To hold 9 courses	SAAMBR Annual Report	Director Education	
	Stimulating new staff Awareness of the Marine Environment through education.	Nature Site Guide Level 2 - marine training	2 completed	2	30-Jun-13	☺	2	SAAMBR Annual Report	Director Education	
	Stimulating Community Awareness of the Marine Environment through education	Package site visits for SW Schools	114,754 hosted	104,322 learners	30-Jun-13	☺	104,322 learners	SAAMBR Annual Report	Director Education	Note 5
	DEBTORS MANAGEMENT To ensure that all function debtors are collected timely	Actual function debtors days against targeted debtors days	Target met	To ensure that all function debtors are collected within 30 days	30-Jun-13	☺	To ensure that all function debtors are collected within 30 days	Financial report	CFO	
Note - Underperformance	Lower school fees has resulted in a shortfall on adjusted budgeted footfalls and revenue. Management are looking at initiatives to address this.									
A	Lower disposable income has resulted in a decreased growth on Annual pass. Management are focusing on this area to increase sales a review of the marketing approach is underway.									
B	A VIP annual pass promotions was launched 13th April 2013 to attempt to increase sales.									
C	Retail revenue fell short of the target by 4% due to straight line leasing adjustment of R 1,092k which was a reversal of revenue for 2013. Excluding the straight line leasing adjustment, retail achieved 101% of forecast.									
Note - Over performance										
1	Management have placed focus on procuring from BEE suppliers whom have a BEE contribution level of not lesser than Level 5.									
2	Guest satisfaction is sitting at 68% as at end of quarter 4. Management is satisfied with the results but individual components that resulted in a decline are being investigated.									
3	An International conference was held in SA this year, this opportunity was exploited to send more staff than initially anticipated for this experience.									

MUNICIPAL ENTITY SCORECARDS 12/13														
National Key Performance Area	Strategic Focus Area (Objective)	Key Performance Indicator	Baseline 11/12	Annual Targets	Target Dates	Indication	3 year target- 2014/15	Means of Verification	Responsible Manager	Over performance	Measures taken to Improve performance	Risk Register	Quarterly target	Status as at end of June 2013
4	Birthday parties excelled compared to prior year due to increased capacity with casuals resulting in more bookings and more variety in birthday packages.													
5	Overachieved in terms of the target however 95% of the adjusted budgeted football has been achieved for the this period. Due the announcement from the minister of education that schools require stricter processes for outings.													

Annexure A - 2013 Proposed Workforce Profile for the financial year ending June 2013 Proposed Targets for 2012-2013										
Proposed Designated Group ("DG") Staff Profile										
Staff Category	Total	%		Proposed Designated Group %		Target	Total Designated Group Work Force		Comments	
		Staff		Actual	Var		Actual	Var		
TM	7	1.4%		57%	0%	4	4	0		
SM	11	2.2%		72%	-8%	8	7	-1		Note A
MM	22	4.4%		86%	-3%	20	19	-1		Note B
T/P	50	10.0%		90%	-2%	46	45	-1		Note B
SS	256	51.4%		98%	1%	248	251	3		
WF	152	30.5%		99%	3%	146	151	5		
Total:	498	100.0%				472	477			
Proposed Female Staff										
Staff Category	Total	%		Proposed Female %		Target	Proposed Female Staff			
		Staff		Actual	Var		Actual	Var		
TM	7	1.4%		29%	-4%	2	2	0		
SM	11	2.2%		9%	-8%	2	1	-1		Note A
MM	22	4.4%		55%	0%	12	12	0		
T/P	50	10.0%		22%	4%	9	11	2		
SS	256	51.4%		51%	-10%	156	130	-26		Note C
WF	152	30.5%		42%	4%	58	64	6		
Total:	498	100.0%				239	220			
Proposed Handicapped Staff										
Staff Category	Total	%		Proposed Handicapped		Target	Proposed Handicapped			
		Staff		Actual	Var		Actual	Var		
TM	7	1.4%		0	-2	0	2	-2		
SM	11	2.2%		0	0	0	0	0		
MM	22	4.4%		0	0	0	0	0		
T/P	50	10.0%		0	0	0	0	0		
SS	256	51.4%		5	1	4	1	4		
WF	152	30.5%		6	0	6	0	6		
Total:	498	100.0%		11	3	8	3	8		
Staff retention statistics										
Staff Category	Total	%		Actual retention		Target	Actual retention			
		HC		Actual	retention		Actual	retention		
TM	7	80%		1	6	86%				Top Management
SM	11	80%		0	11	100%				Senior Management
MM	5	80%		1	4	80%				Middle Management
Other	6	80%		2	4	67%				Technical Skilled Level
Total:	29			4	25	88%				Key roles identified
										Semi-Skilled Level
										Work Force level

NOTES

- A - Currently no vacancy exists at this level.
B - Will aim to address through recruitment on current vacant posts.
C - This has been a difficult target to achieve. Employees have been advised to disclose any disabilities. An awareness campaign to encourage disclosure has been rolled out.
D - This has been a difficult target to achieve industry wide. Employees have been advised to disclose any disabilities. An awareness campaign to encourage disclosure has been rolled out.

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Trading as
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B SUSTAINABILITY & HUMAN RESOURCES REPORT

1 THE GUESTS

uShaka's macro marketing strategy is geared towards ensuring that the park develops a sustainable and incremental flow of feet, which in turn leads to financial sustainability. In order to do this, the park needs to continue to get repeat visitation from its existing customer base, as well as attract new guests via targeted strategies to open up new markets. A number of different marketing channels are used to achieve this and over the last two years there has been a slight shift in allocation away from traditional channels such as radio and print towards digital and out-of-home. The percentage allocation per channel for the year ahead is as follows:

Radio	24%
Print	20%
In Park	10%
Direct Promo	21%
Digital	10.5%
Creative	5.5%
PR	6%
Out of home	3%

The allocation of marketing spend, as a percentage of total revenue, remained stable over the last year, however, for the year ahead the percentage has been increased to 7.5%. This will result in an additional R 1.4 mil, of which half will be spent on entertainment which is essential for the guest experience and "word of mouth". The conventional channels of print and radio remain key, as do more direct channels such as the highly successful service voucher program that puts discounted vouchers into the hands of all state and city employees during low season (nurses, policemen, teachers etc). This concept was expanded into the "cluster" approach that targets new markets – geographically, demographically and from an LSM perspective.

The Emerging Market is one of the key market segments where uShaka has focused over the last 2 years with increasing success. Surveys reveal that the percentage visitation by black guests is now around the 20% level (note: this is an average and in peak season the percentage is higher). White and Indian guests are equal at 36% each

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and coloureds make up the difference of around 8%. The demographic mix is also related to LSM levels and it must be borne in mind that the core market for the park is LSM 7 and above. The cluster approach was introduced to make the park affordable for LSM 6 during low season, as this is a huge potential market and initial results have been very positive. There is however an impact on revenue that this approach has - with the discounting of tickets - and this is closely monitored to ensure that the target "average discount rate" is achieved, which ensures the objective of yield optimization is also achieved.

The Regional Markets of the North and South Coast of KZN, as well as inland areas such as Pietermaritzburg, continue to grow and are key to the sustainability of the park because of their proximity which allows for guests to drive to Durban. On this front though, competitors are beginning to emerge – particularly in the waterpark space. A new and exciting waterpark with latest generation rides came on stream in Port Edward 18 months ago and more recently Gateway in Umhlanga unveiled a small waterpark. There is also talk of a major new waterpark being constructed up the North Coast over the next year. Individually, each of these competitors doesn't pose a threat, but collectively they will erode footfall and thus it becomes imperative for uShaka to ensure it remains in a league of its own. This has been addressed in the concept document for the shareholder outlining the 15 year strategy for the park.

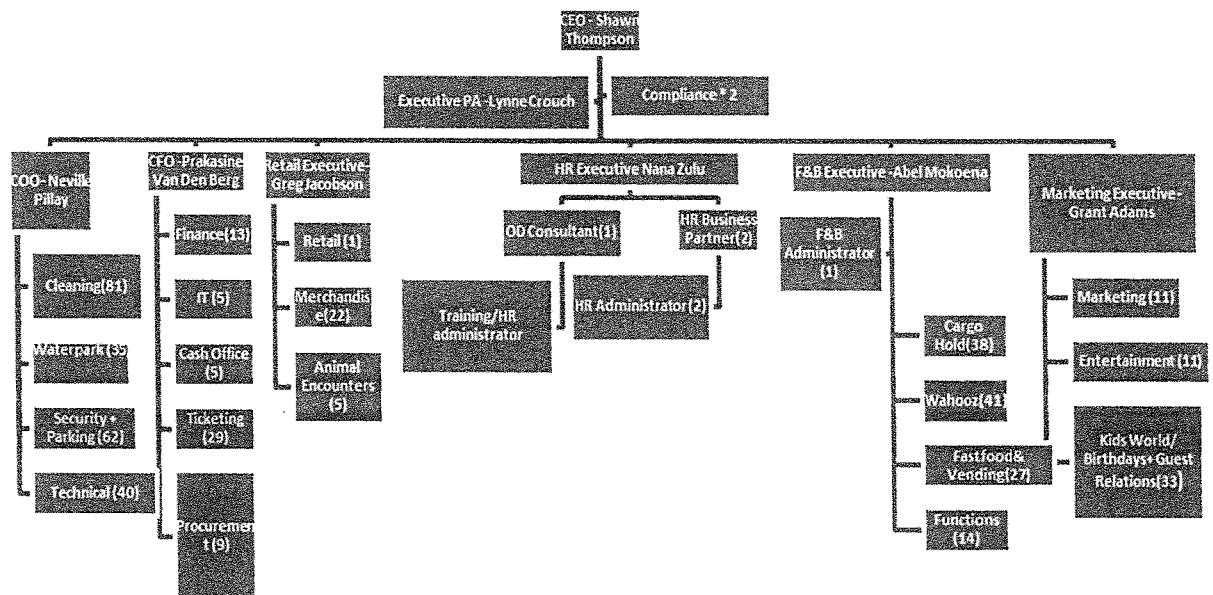
The regional market strategy has also extended into areas outside of KwaZulu Natal, including Gauteng and the Free State. In most cases, uShaka partners with Durban Tourism or TKZN in this regard. Gauteng remains the most important province other than KZN and the rest of the provinces collectively account for only 15% of admissions. Collaboration with SA Tourism, TKZN and Durban Tourism is ongoing to try and penetrate SADC countries, particularly the southern regions such as Botswana, Zambia and Mozambique. This market will be targeted via packaged groups through tour operators and agents, but has been small up until now. The cruise ship market has grown over the last year and remains a focus as far as international guests are concerned. The construction of the Passenger Terminal in the Durban harbor over the medium term should have a big impact for on visitation from this market.

The "frequent visitor" market or repeat visitor continues to be a key focus within the marketing strategy and the introduction of 2 new passes to supplement the Platinum Pass was aimed at enhancing the offering. The Fun Pass with "block out" periods over peak was not well received and will be withdrawn from the market. The Play Pass, aimed at frequent guests to uShaka Kids World, has also been slow, but new ideas for this Pass are being implemented to tap into this important market segment.

uShaka Marine World Annual Report

2 HUMAN RESOURCES

2.1 Organogram Structure and Headcount



The total number of permanent staff was 498 and fixed term contract employees were 6, whilst 71 casuals were in employment for June/July peak season.

- The Headcount has been carefully monitored to ensure effective workforce planning. A combination of permanent hourly paid and permanent guaranteed salaries have contributed to better utilization of human resources and allowed flexible scheduling of staff during off season.

uShaka Marine World Annual Report

- Various changes have been made to the organogram to ensure a lean structure. At executive level, one position has been made redundant. This resulted in job enlargements in this category and multi-skilling for succession planning purposes.

2.2 Training and Development

The total amount spent on training was –R 694 019

- The total number of training days for the period July 2012 to June 2013 was 40 days
- Training spent as a percentage of payroll was 1.2%
- An amount of R 268 647 was received from the SERVICES SETA

In the period of July 2012 – June 2013, uShaka offered bursaries to staff members. Their fields of studies are as follows

- Safety Management
- Safety Management
- Bachelor of Business Administration
- Services Marketing
- B-Tech Management
- Sales & Marketing Management
- Retail Marketing and Merchandising
- Management Skills Program
- Management Skills Program
- Strategic Logistics Management

2.3 Employment Equity

A total no of 477 Historically Disadvantaged staff are employed at uShaka marine world. In terms of percentage against total staff, it results in 96 % equity. The EE committee was dissolved and management engaged employees on the nomination process for the new committee. A plan has been developed to resuscitate all EE initiatives including training, development of the plan, policy and terms of reference.

There are challenges in the employment of people with disabilities and efforts will be made to improve on this category to launch a disability awareness campaign integrate with wellness initiatives

uShaka Marine World Annual Report

,enhance staff awareness in this regard to encourage disclosure ,a detailed project plan has been developed to be executed before Dec 2013.

With the appointment of the HR Executive in February 2013, the equity target for Historically Disadvantage Individuals was brought in line with the targeted percentage at Top Management Occupational Level.

2.4 Retention

Quarterly feedback is provided to the Remuneration Committee and statistics analyzed against agreed targets. The business wants to encourage high turnover in some areas that are extremely demanding for flexibility purposes in order to maintain consistent energy levels, and passion which feeds into excellent customer service.

The company turnover percentage was 20 % - higher than the previous year, but it happened in non-critical positions and is under target.

Staff	Total	Termination		
Category	HC	Target %	Actual	YTD %
TM	7	Less than 20%	1	14.29%
SM	11	Less than 20%	0	0.00%
MM	22	Less than 20%	6	27.27%
T/P	50	Less than 20%	10	20.00%
SS	256	Between 5-25%	68	26.56%
WF	152	Between 5-25%	14	9.21%
Total:	498		99	
Overall		Less than 25%		20%

uShaka Marine World Annual Report

2.5 Unionisation

uShaka has a recognition agreement with UASA. 381 staff belong to the Union.

<u>Departments</u>	<u>Headcount</u>	<u>Union</u>	
Technical	40	26	
Guest Services	17	13	
Safety+Parking	62	60	
Procurement	9	5	
Cleaning+waste	81	75	
HR	7	1	
Finance	16	6	
Cash Office	5	4	
Marketing	11	3	
Entertainment	11	9	
Water Park	35	31	
IT	5	1	
Executive	3	0	
Merchandise + Village	24	20	
Food & Beverage	122	84	
Animal Encounters	5	5	
Ticketing	29	25	
Kids World	8	5	
Birthdays	8	8	
Total	498	381	

2.5 Talent Management

The business is to embark on a talent management journey to ensure that the business attracts, develops and retains a high performance workforce ensuring the achievement of the business strategy. With growing skills shortages and increasing competition for skills, Proactive Talent Management will ensure that the right people, with the right skills, are in the right job, delivering the results.

Benefits of Talent Management:

- Effective Talent Management will ensure that the investment in the workforce supports the achievement of organizational goals.
- Decrease recruitment spend required to fill vacancies and a more objective recruitment process
- Improve leadership skills and competence of employees
- Clear developmental plans and career paths
- Low attrition levels in critical positions
- High retention rate of talent;

uShaka Marine World Annual Report

- Motivated and inspired employees following a progressive career path.

2.6 HR Business Plan

Human Resources has developed a strategic plan for the period June 2013 - July 2016. This plan aims at providing an efficient range of services that includes staff development and retention, budget solutions, and change management strategies. Additionally, HR has also recognized the importance of continued successful negotiations with labour organizations to maintain sustainable health of the organization and therefore monthly meetings with unions will be implemented.

The first step in the process is to improve the development, implementation, and evaluation of HR policies and procedures throughout the park. These policies will be written in such a manner that they are clear, simple and understandable to the end-users. Efforts will be made to ensure that all HR policies are easily accessible and clearly understood.

Training and development is critical to the effectiveness of the park. The links between training and career progression in the Leadership Development Programs will be formalised and career mapping will take place in critical roles with individual development Plans (IDP's) developed for all employees at all levels to support their career progression. A key aspect of training and development is to ensure that the managers have the ability to effectively manage people, ensure continuity of leadership, and sustain a learning environment that drives continuous performance improvement.

To achieve these goals, HR cannot work in silos. HR will collaborate with internal and external stakeholders to identify, develop and integrate processes and systems. The commitment from the HR team is to establish a flexible Human Capital Management program. The Plan will align HCM activities with the overall uShaka Business plan, thereby creating a mutually supportive and well-functioning work environment. The four focus areas identified are: People, Processes, Service to Internal Customers and Strategic Resourcing.

2.7 OD Interventions

- **Performance Management**

A performance management policy framework has been developed. This will translate into an IDP for every staff member.

- **Skills Matrix**

HR has developed a learning matrix framework for each department on both technical skills and soft competencies linked to Job description and relevant SOP. The outcome will assist in developing of IDP's.

uShaka Marine World Annual Report

- **Minimum Competencies**

The City has been engaged to comply with minimum competencies as per MFMA and all required documents have been submitted in preparation for Gap analysis and training to commence on the 30th July 2013 and scheduled for completion by June 2014.

- **Leadership Development**

MBTI assessments have been done for all Executives. The purpose of this initiative is to identify areas for improvement from both an individual point of view and a team perspective. In addition a 360 Degree assessment was conducted in May for the leadership team to identify gaps and develop holistic leadership interventions. The results from these interventions will assist to develop IDP's for the executive team.

3 RISK MANAGEMENT

Effective risk management is integral to uShaka Marine World's objectives for long term survival, as well as consistently adding value to the business and improving the control environment. uShaka has embraced the overall risk philosophy being driven by the shareholder and under the auspices of the Board, a risk culture is being pursued in three main areas:

3.1 Operational Risk

The eThekweni Municipality's risk management policy and framework has been adopted and implemented by uShaka. Risk management has been embedded at a strategic level and rolled down to departmental level. On a quarterly basis, a detailed risk review is performed by the Executive Management with the eThekweni Municipality risk team being invited, as well as Board members. The risk register is updated and presented to the Audit, Risk and IT Committee for review and evaluation on a quarterly basis. This also feeds into the city's Audit Committee.

The risk assessment process includes an analysis of rating the risks in terms of the impact it has on the company. The likelihood and impact are a basis for determining how these risks should be managed by the company. The inherent risks are determined and controls identified that are in place to mitigate these risks. The residual risk is then evaluated and improvement areas and tasks are set to improve the control and risk environment.

uShaka Marine World Annual Report

3.2 Fraud Risk

A fraud prevention policy and plan are in place that enables management and staff to report and react to fraud related matters. The plan is presented and evaluated on an annual basis and tabled at the Social and Ethics Committee. uShaka continues to outsource the “whistle blow” hotline to Tip Off Anonymous which is managed by an independent company, Deloitte. This hotline is accessible to staff, various stakeholders and members of the public. Any reported cases are treated with the utmost confidentiality to protect the rights of both the whistle-blower and the accused. To strengthen the independence of the hotline, the reporting lines were amended during the year to ensure that all calls reported are directed to the Chairman of the Audit Committee to action the appropriate investigation or direct other actions to be taken. uShaka Marine World is also a member of eThekweni's Fraud Prevention Sub-Committee that meet monthly. One of the key objectives of this committee is to compile a fraud risk register for eThekweni which incorporates the municipal entities.

3.3 Compliance Risk

The Board of Directors is accountable for ensuring that there is compliance with laws applicable to the Company. The compliance team consists of two people reporting directly into the Chief Executive Officer (CEO) and assist management to enact their responsibilities in respect of complying with statutory, regulatory and supervisory requirements.

During the year, an undertaking was performed to review the compliance with the relevant laws and regulation. This checklist was presented and monitored by the Audit, Risk and IT committee on a quarterly basis. Furthermore, a comparison between the MFMA and Companies Act was performed to identify any conflicts that may exist. No conflicts were identified with assurance that compliance with both acts is in place. The compliance department ensures that the policies and procedures developed by the company are implemented and adhered to and these are reviewed at least annually.

The department also monitors the implementation and corrective action that is to be taken by the Company as a result of weaknesses raised by the internal and external auditors.

4. SUSTAINABILITY

In order to ensure an integrated approach to sustainability, the Heritage Association has been engaged to determine baselines for many of the sustainability focus areas. These baselines will then highlight opportunities for

uShaka Marine World Annual Report

improvement, which will become the focus for sustainability efforts in the next year. The following focus areas are currently identified:

4.1 Reduce, Reuse and Recycle: The uShaka Marine World recycling area continued to separate waste into paper, cardboard, tin cans, glass and plastics. The recycling bins in the park and offices are being used more by both visitors and staff. This is evident by the 75% increase in recycling (measured by mass) as compared to last year.

4.2 Electricity consumption: The installation of the Variable Speed Drives to all Life Support System pumps has been completed and, this project, along with other process optimisation projects has resulted in a considerable reduction in electricity consumption. For the financial year, power consumption was 16% below the consumption recorded for 2011 and even lower than that used in 2010. The VSD Project and the installation of the liquid oxygen plant have both been registered with the Eskom rebate programme, which means that not only are we saving electricity, much of the money spent on the projects is likely to be recouped from Eskom as a rebate.

4.3 Water consumption: Proving that you can only really improve what you can measure, water meters continue to provide valuable information on water usage. The average daily water consumption for 2012-2013 was 636kl/day. This represents a 33% reduction on 2011- 2012 consumption and 18% reduction on 2010-2011 consumption.

4.4 Transport: Car-pooling continues, as staff see both financial and environmental benefits. A monthly challenge to encourage car-pooling was initiated.

4.5 Hazardous materials: The electronic database of controlled chemicals on site is continually updated and is used to facilitate better chemical management. The MSDS of chemicals are easily available at various sites in the complex.

4.6 Training and Awareness: Visitors to uShaka Sea World are encouraged to adopt sustainable living practices at home, through a series of exhibits. The EcoHouse Exhibit in the aquarium highlighted uShaka's sustainability initiatives, and educated guests about how to live more sustainably. The many daily presentations highlight the 'reduce, reuse, recycle' message, a message which is clearly reaching visitors. The Penguin Promises Awareness Campaign continues to give visitors an opportunity to commit to sustainable living, by making a promise to the penguins on a postcard. A total of over 3 500 visitors have made promises. A research project to track whether or not visitors keep their promises is underway.

4.7 Seafood awareness and consumption: Our commitment to the use of sustainable seafood continued. The animal's diets are regularly adapted, depending on the availability of food fish species. The Cargo Hold restaurant remains an official Southern African Sustainable Seafood Initiative (SASSI) supporter restaurant.

uShaka Marine World Annual Report

4.8 Environmentally sensitive purchasing and operations practices: The challenge to consider the environment in purchasing decisions has continued. The use of eco-friendly cleaning products is one such decision. Eco-friendly cleaning products are now being used wherever possible, throughout the park.

4.9 Noise minimisation: It is clear that excessive noise does not have a place in a live animal facility, this therefore, remains a focus area. The levels of noise during operations and functions are monitored, to ensure that all activities are conducted with due consideration of the negative impact of loud noise.

4.10 Air Quality: The situation of the park on the beachfront makes the maintenance of air quality relatively easy. Within the underground aquarium, tunnels and offices, regular air monitoring is conducted, as these confined spaces are prone to bad air quality, which is detrimental to both visitor and staff health.

5 CHARITIES

Over the year uShaka granted approximately 1000 discounted or complimentary tickets to around 40 charitable organisations. These ranged from well-known national causes down to entities located within the area, such as special schools and orphanages.

Three anchor charities are:

- **Reach for a Dream**
uShaka have been involved with this initiative for a number of years and children from around the country are given a chance to have their dreams come true, as they meet a dolphin or a seal. Seaworld are instrumental in making this happen.
- **Kwa Thintwa School for the Deaf**
This is a commitment by the Food and Beverage Department. Apart from an annual fund raiser in the Cargohold, kids from the school are treated to a day in the park as part of this initiative.
- **uThombo Street Kids**
Street kids are rehabilitated and part of this programme gets them trained in various skills e.g. lifesaving etc. There is also a plan in place to assist in employing some of the children on completion of their rehabilitation if they meet the criteria.
Once a year the kids are also brought into uShaka for a visit.

REPORT OF AUDIT AND RISK COMMITTEE CHAIRPERSON'S REPORT REGARDING USHAKA MARINE WORLD (DMTP)

The Audit and Risk Committee is a committee constituted in terms of sections 166(2) and 166 (6) (b) of the Municipal Finance Management Act, 56 of 2003 and Section 94 (7) of the Companies Act.

The Audit and Risk Committee is an independent advisory body which must advise the board of directors, the accounting officer and the management staff of the municipal entity. It advises in matters relating to :-

- Internal financial control;
- Internal Audit;
- Risk Management processes;
- Financial Reporting;
- Performance Management;
- Governance; and
- Any other issues referred by the Municipality or the Entity.

TERMS OF REFERENCE

The Audit and Risk Committee has adopted formal terms of reference, herein after referred to as the Audit and Risk Committee Charter. The Charter is presented at a formal meeting, deliberated upon and recommended for final approval by Council. The Audit and Risk Committee has executed its duties in accordance with these terms of reference during the financial year ended June 2013.

COMPOSITION AND MEETINGS

The Committee consists of the following members : -

Members	Qualifications	Appointed	Entities (UShaka) Audit Committee	
			Scheduled	Attended
Mr Sipho Nzuza	Com, H Dip (Tax) MBA	27/01/2009	6	3
Mr Peter Christianson	Com, CA (SA)	27/01/2009	6	6
Mr Rohit Desai	B.Com, MBA, CA (SA)	27/01/2009	6	5
Ms. Lihle Ndlovu	LLM	27/01/2009	6	6
Ms Bukekile Mashoko (Member appointed on 08 March 2013)	MBA, MSc (Agri.Econ) with merit BSc (Agri. Honours)	08/03/2013	6	1

REPORT OF AUDIT AND RISK COMMITTEE CHAIRPERSON'S REPORT REGARDING USHAKA MARINE WORLD (DMTP)

During the year, on the recommendation of the Audit Committee, Council established a separate Risk Committee comprising of three members. One member of the former Audit and Risk Committee, Ms Lihle Ndlovu, has been seconded to the Risk Committee. The first meeting of the Risk Committee was held on 21 June 2013.

The Accounting officer, DCM: Treasury and other Deputy City Managers attend Committee meetings by invitation. The External and Internal Auditors, City Integrity and Investigations and Enterprise Risk Management Units have unrestricted access to the Audit Committee. The effectiveness of the Audit Committee as a whole and its individual members is assessed on an annual basis.

STATUTORY DUTIES

In execution of its statutory duties during the past financial year, the Audit and Risk Committee:

- Believes the appointment of the Auditor General of South Africa (AGSA), complies with the requirements of requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA), and Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA);
- Determined the fee to be paid to the AGSA, as disclosed in the Annual Financial Statements;
- Seconded a member of the Audit and Risk Committee to attend the Entity's Board and Finance Committee Meetings;
- Considered management's reports, submitted to each successive meeting of the Audit Committee.
- Reviewed the quality, adequacy, accuracy and reliability of financial information;
- Reviewed the Annual Report and Financial Statements;
- Responded to any issues raised by Internal Audit and Auditor General during the year;
- Reviewed factors impacting on the financial sustainability of the Entity; and
- Made submissions to the Executive Committee (Exco) on a quarterly basis of any matters which in the opinion of the Audit Committee needed to be brought to the attention of Council.

OVERSIGHT OF RISK AND GOVERNANCE

The Audit and Risk Committee has:

- Received assurance from Internal Audit, Enterprise Risk Management, Performance Management, Treasury and the AGSA and satisfied itself that the following areas have been appropriately been addressed,
 - Internal financial controls ;
 - Compliance requirements ;

REPORT OF AUDIT AND RISK COMMITTEE CHAIRPERSON'S REPORT REGARDING USHAKA MARINE WORLD (DMTP)

- Financial reporting risks;
- Fraud Risks as it related to financial reporting and ;
- IT Governance risks

INTERNAL FINANCIAL CONTROLS

The Audit Committee has:

- Reviewed the effectiveness of UShaka's (DMTP) systems of Internal Financial Controls including receiving assurance reports from Management, Internal Audit and External Audit;
- Reviewed significant issues raised by the Internal and External audit processes;
- Reviewed policies and procedures adopted for the prevention and detection of fraud;
- Reviewed significant cases of misconduct or fraud or any other unethical activity by officials within the Entity;
- Reviewed significant legal exposures, and pending cases; and
- Reviewed residual risks arising from ERM risk registers and controls implemented to mitigate risks.

Based on the processes and assurances obtained, we believe that the internal financial controls are effective.

STATUTORY COMPLIANCE

The Audit Committee has:

- Reviewed the effectiveness of the system for monitoring compliance with laws and regulations.
- Has satisfied itself the policies and processes implemented provide the required assurance.

PERFORMANCE INFORMATION AND EVALUATION

The Audit Committee has reviewed performance information provided by the Entity at quarterly meetings throughout the year. The committee is satisfied with the information provided by the Entity.

EXTERNAL AUDIT (AGSA)

The Audit Committee has:

- Reviewed the External Audit scope to ensure the critical areas within the Entity are being addressed;

REPORT OF AUDIT AND RISK COMMITTEE CHAIRPERSON'S REPORT REGARDING USHAKA MARINE WORLD (DMTP)

- Reviewed the external auditors report including issues arising out of the external audit.

Based on processes followed and assurances received from the AGSA, nothing has come to our attention with regard to any matter concerning the independence of the External Auditors.

INTERNAL AUDIT

The Audit Committee has:

- Reviewed and approved the Internal Audit Charter;
- Evaluated the independence, effectiveness and performance of the Internal Audit Unit in respect of the fulfilment of its mandate;
 - Reviewed Internal Audit reports, including management responses to issues raised therein;
 - Satisfied itself that the Internal Audit function has the necessary resources, budget and authority within Council to enable it to discharge its duties;
 - Noted the appointment of the Chief Audit Executive (Head : Internal Audit)
 - Approved the Internal Audit Plan, and
 - Encouraged cooperation between External and Internal audit functions.

Finance Function

The Committee is satisfied with the expertise and adequacy of resources within the Finance function. The Committee notes that the Chief Financial Officer has been appointed as Acting Chief Executive Officer and Company Secretary with effect from 21 August 2013. The Committee is concerned that this may impact on proper functioning of this unit.

APPRECIATION:

The Audit Committee relies to a great extent on the Head: Internal Audit and his staff for their support and assistance, and for this we would like to thank them.

The Committee would also like to express its gratitude to the, Accounting Officer, DCM: Treasury, Chief Executive Officer, Chief Financial Officer and the AGSA for their cooperation and assistance during the year.

**REPORT OF AUDIT AND RISK COMMITTEE CHAIRPERSON'S REPORT REGARDING
USHAKA MARINE WORLD (DMTP)**



Mr Siphon Nzuza

Chairperson: eThekweni Municipality

Audit and Risk Committee

Date: December 2013

Durban Marine Theme Park SOC Limited (RF)
Annual Financial Statements
for the year ended 30 June 2013

Durban Marine Theme Park SOC Limited (RF)

(Registration number 2001/020025/07)

Annual Financial Statements for the year ended 30 June 2013

Index

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Durban Marine Theme Park SOC Limited (RF)

(Registration number 2001/020025/07)

Annual Financial Statements for the year ended 30 June 2013

General information

1. Legal form of entity

State owned company Limited (Ring Fenced)

2. Chief Financial Officer & Acting Accounting Officer

P v d Berg

3. Registered Office

1 King Shaka Avenue
Durban
4001

4. Postal Address

P.O. Box 38416
Point
4069

5. Bankers

Standard Bank
Rand Merchant Bank
Investec Specialist Bank

6. Lawyers

Pearce, du Toit & Moodie

7. Auditors

The Auditor - General

Durban Marine Theme Park SOC Limited (RF)

(Registration number 2001/020025/07)

Annual Financial Statements for the year ended 30 June 2013

Accounting Officer's Approval

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

I am responsible for the preparation of these annual financial statements, set out on pages 45 to 87, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Durban Marine Theme Park SOC Limited (RF) on 29 November 2013 :



**Acting Accounting officer / Acting Chief Executive
Officer**

REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND THE COUNCIL OF THE ETHEKWINI MUNICIPALITY ON THE DURBAN MARINE THEME PARK SOC LIMITED

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Durban Marine Theme Park SOC Limited set out on pages 42 to 87 (Volume 3), which comprise the statement of financial position as at 30 June 2013, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Companies Act of South Africa, 2008 (Act No. 71 of 2008) (Companies Act), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Durban Marine Theme Park SOC Limited as at 30 June 2013, and its financial performance and cash flows for the year then ended in accordance with the SA Standards of GRAP and the requirements of the MFMA and the Companies Act.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Financial sustainability/going concern

8. As disclosed in note 16 to the financial statements, although the entity is making losses, the parent municipality has confirmed its commitment to ensuring the future financial viability of the entity and to meet any funding shortfalls that may compromise its ability to continue trading as a going concern.

Subsequent event

9. As disclosed in note 33 to the financial statements, the entity took over the payroll function of the Moses Mabhida Stadium for a two-year period on 1 July 2013 via an agreement with the eThekweni Municipality.

Additional matters

10. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited supplementary schedules

11. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

Other reports required by the Companies Act

12. As part of my audit of the financial statements for the year ended 30 June 2013, I have read the director's report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. This report is the responsibility of the respective preparers. I have not audited the report and accordingly do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

14. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 12 to 17 (Volume 3) of the annual report.
15. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant, as required by the National Treasury's *Framework for managing programme performance information*.

16. The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
17. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Compliance with laws and regulations

18. I did not identify any instances of material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice issued in terms of the PAA.

Internal control

19. I did not identify any deficiencies in internal control that I considered sufficiently significant for inclusion in this report.

OTHER REPORTS

Investigations

20. Three investigations relating to alleged procurement fraud, non-compliance with municipal supply chain management regulations and financial misconduct by employees are in progress.

Auditor - General

Pietermaritzburg

15 October 2013



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Durban Marine Theme Park SOC Limited (RF)

(Registration number 2001/020025/07)

Annual Financial Statements for the year ended 30 June 2013

Directors' Report

The directors submit their report for the year ended 30 June 2013.

1. Statement of Directors' Responsibilities

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The auditors are responsible to report on the fair presentation of the financial statements. The financial statements have been prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statement.

The directors are also responsible for the company's systems of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future, especially in light of the conversion of shareholder loan to equity and the financial support from the parent municipality as disclosed in note 16.

2. Nature of business

The company is defined as a Municipal Entity as it is controlled by the eThekweni Municipality. As part of an urban regeneration project for the Point Precinct in Durban, the company has developed a large marine theme park situated on the beachfront in the Point Precinct.

The company complies with the Municipal Financial Management Act, 2003 and all other legislation applicable to municipal entities.

This marine theme park which trades as uShaka Marine World is the sole operation of the company and commenced operations on 30 April 2004. uShaka Marine World comprises four main components, being:

- an Oceanarium, known as Sea World;
- a Waterpark, known as Wet 'n Wild;
- a Retail Shopping Mall known as Village Walk;
- a kids playground, known as uShaka Kids World.

3. Management agreement

The ten year contract with High Footprint Management (Pty) Ltd expired on 31 March 2013 in terms of which High Footprint Management (Pty) Ltd were responsible for the management and operations of uShaka Marine World. The decision not to renew the contract was effective 1 April 2013 and the directors are pleased with the transition process and DMTP now has employees who manage and operate the park.

The company has also entered into a long term agreement with SAAMBR, in terms of which SAAMBR are responsible for the operations of Sea World. Until 30 June 2007 the company reimbursed SAAMBR for all costs incurred by it in the performance of those obligations, including the costs of staff employed for that purpose. Effective 1 July 2007 the funding arrangements between the company and SAAMBR changed and notwithstanding contractual obligations the company does not fund SAAMBR expenses for the time being.

4. Financial results of the company

The financial statements from pages 45 to 87 set out fully the financial position and results of operations and cash flows of the company for the period ended 30 June 2013. Pages 88 to 92 do not form part of the financial statements but are included as additional information.

No dividends have been declared during the period.

Durban Marine Theme Park SOC Limited (RF)

(Registration number 2001/020025/07)

Annual Financial Statements for the year ended 30 June 2013

Directors' Report

5. Share capital

The authorised share capital of the company is 10,000 shares of R1,00 each.

At 30 June 2013 the company had issued 9,385 shares for a total value of R872,994,927.

6. Directors'

The directors of the entity during the year and to the date of this report are as follows:

Name	Resignations
G J Whiteford (Director - appointed 14 March 2003)	
G J Whiteford (Accounting Officer - resigned 1 April 2013)	
HC Rudham (alternate - appointed 16 November 2004)	Resigned 20 June 2013
J T Russell (Director - appointed 8 April 2005)	Resigned 14 October 2013
(Chairman - appointed 28 May 2010)	
B J Mtembu (appointed 8 April 2005)	Resigned 1 March 2013
S Pillay (appointed 8 April 2005)	
J H de Villiers Botha (appointed 3 December 2001)	
R Turner (alternate - appointed 5 May 2011)	
I E Konyyn (appointed 17 July 2013)	
I Vally (appointed 4 July 2013)	
P Mzizi (appointed 20 June 2013)	
G Buthelezi (appointed 1 July 2013)	
B B Berry (appointed 27 June 2013)	

7. Accounting officer

S Thompson appointed Accounting Officer on 1 April 2013 and suspended on 21 August 2013.
P v d Berg was appointed Accounting Officer on 21 August 2013.

8. Suspension of the Chief Executive Officer

The Board of directors suspended the Chief Executive Officer (S.H Thompson) on 21 August 2013, pending an investigation into alleged corruption charges. Until further notice the Chief Financial Officer (P.v.d Berg), has taken over the duties of the Chief Executive Officer in an acting capacity.

9. Secretary

D L D Marigny resigned 01 March 2013 and P v d Berg was appointed, whose details are:

Business address	1 King Shaka Avenue Durban 4001
Postal address	P.O BOX 38416 Point 4069

10. Non voting municipal representatives

N Shabalala (Deputy Mayor)

S Sithole (Municipal Manager)

Durban Marine Theme Park SOC Limited (RF)

(Registration number 2001/020025/07)

Annual Financial Statements for the year ended 30 June 2013

Directors' Report

11. Directors' interest in contracts

H.C. Rudham is a director of Mbatha Walters & Simpson, who are appointed as sub-consultant to Boogertman & Partners.

B.B Berry represents the Development Bank of South Africa (DBSA) on the board. At June 2013 the following balances relate to DBSA, Debentures & interest of R 112,264,567 (Refer to note 14).

12. Corporate governance

Attendance of meetings

The board has met on 4 separate occasions during the financial year. The board schedules to meet at least 4 times per annum.

Name	Social & Ethics Committee	Remuneration Committee	Audit, IT & Risk Committee	Board
Total number of meetings held	4	4	4	4
G J Whiteford	4	3	4	4
H C Rudham	A	A	A	2
J T Russell	4	4	B	4
B J Mtembu	A	A	A	0
S Pillay	A	A	A	4
J H de Villiers Botha	4	4	4	4
R Turner (Alternate)	A	A	A	2
I E Konyin	A	A	A	N/A
I Vally	A	A	A	N/A
P Mzizi	A	A	A	N/A
G Buthelezi	A	A	A	N/A
B B Berry	A	A	A	N/A

A - indicates that attendance is not applicable as the director is not a member of the committee.

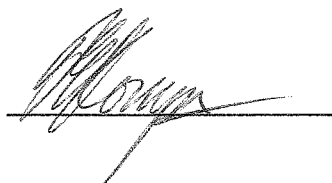
B - indicates that the member attended as an invitee.

N/A - Not applicable.

13. Controlling entity

The entity's controlling entity is eThekweni Municipality which owns 9384 of the 9385 issued shares (99.99%).

14. Directors' approval



Durban Marine Theme Park SOC Limited (RF)

(Registration number 2001/020025/07)

Annual Financial Statements for the year ended 30 June 2013

Statement of Financial Position

Figures in Rand	Note	2013	2012
Assets			
Current Assets			
Inventories	2	5,060,872	4,115,502
Receivables from exchange transactions	3	2,097,681	1,450,245
VAT receivable	4	418,609	20,341
Cash and cash equivalents	5	41,396,881	31,861,635
		48,974,043	37,447,723
Non-Current Assets			
Investment property	6	70,486,858	73,275,907
Property, plant and equipment	7	390,460,823	412,820,567
Intangible assets	8	991,841	1,070,274
Deferred income	9	4,899,384	5,976,801
		466,838,906	493,143,549
Total Assets		515,812,949	530,591,272
Liabilities			
Current Liabilities			
Payables from exchange transactions	10	23,446,434	15,891,731
Provisions	11	2,237,807	1,809,538
Tenant rental deposits	12	1,411,292	1,416,029
Current portion of long term liabilities	13	758,968	698,243
		27,854,501	19,815,541
Non-Current Liabilities			
Debentures	14	107,800,782	98,899,800
Long term liabilities	13	2,198,643	2,957,611
		109,999,425	101,857,411
Total Liabilities		137,853,926	121,672,952
Net Assets		377,959,023	408,918,320
Net Assets			
Share capital / contributed capital	15	872,994,927	872,994,927
Reserves			
Convertible instruments reserve		4,463,785	4,463,785
Accumulated deficit		(499,499,689)	(468,540,392)
Total Net Assets		377,959,023	408,918,320

Durban Marine Theme Park (Pty) Ltd

(Registration number 2001/020025/07)

Annual Financial Statements for the year ended 30 June 2013

Statement of Financial Performance

Figures in Rand	Note	2013	2012
Revenue		163,731,323	147,802,763
Cost of sales		(20,669,724)	(18,599,967)
Gross surplus		143,061,599	129,202,796
Other income		5,070,048	3,133,713
Operating expenses	*	(172,001,567)	(166,563,163)
Operating deficit		(23,869,920)	(34,226,654)
Investment revenue	18	2,078,719	1,947,700
Finance costs	21	(9,182,796)	(8,505,603)
Deficit for the year		(30,973,997)	(40,784,557)

* Included in operating expenses is depreciation and amortization of R 36,391,777 (2012: R 35,043,010).

Durban Marine Theme Park SOC Limited (RF)

(Registration number 2001/020025/07)

Annual Financial Statements for the year ended 30 June 2013

Statement of Changes in Net Assets

	Share capital / contributed capital	Share premium	Total share capital	Convertible instruments reserve	Accumulated deficit	Total net assets
Figures in Rand						
Opening balance as previously reported	9,385	872,985,542	872,994,927	4,463,785	(432,034,442)	445,424,270
Adjustments	-	-	-	-	4,278,607	4,278,607
Prior period error (Note 17)	-	-	-	-	-	-
Balance at 01 July 2011 as restated	9,385	872,985,542	872,994,927	4,463,785	(427,755,835)	449,702,877
Changes in net assets	-	-	-	-	(40,784,557)	(40,784,557)
Deficit for the year	-	-	-	-	(40,784,557)	(40,784,557)
Total changes	-	-	-	-	(40,784,557)	(40,784,557)
Balance at 01 July 2012	9,385	872,985,542	872,994,927	4,463,785	(468,540,392)	408,918,320
Changes in net assets	-	-	-	-	(30,959,297)	(30,959,297)
Deficit for the year	-	-	-	-	(30,959,297)	(30,959,297)
Total changes	-	-	-	-	(30,959,297)	(30,959,297)
Balance at 30 June 2013	9,385	872,985,542	872,994,927	4,463,785	(499,499,689)	377,959,023
Note(s)	15	15	15			

Durban Marine Theme Park SOC Limited (RF)

(Registration number 2001/020025/07)

Annual Financial Statements for the year ended 30 June 2013

Cash Flow Statement

Figures in Rand	Note	2013	2012
Cash flows from operating activities			
Receipts			
Cash receipts from customers		170,232,654	151,145,806
Payments			
Cash paid to suppliers and employees		(149,795,058)	(149,274,127)
Net cash flows from operating activities	27	20,437,596	1,871,679
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	7&8	(11,996,275)	(8,403,831)
Proceeds from sale of property, plant and equipment		-	81,240
Net cash flows from investing activities		(11,996,275)	(8,322,591)
Cash flows from financing activities			
Loan repaid		(698,243)	(641,871)
Increase/(decrease) in tenant deposits		(4,737)	(70,328)
Interest income		2,078,719	1,947,700
Finance costs		(281,814)	(339,564)
Net cash flows from financing activities		1,093,925	895,937
Net (decrease)/ increase in cash and cash equivalents		9,535,246	(5,554,975)
Cash and cash equivalents at the beginning of the year		31,861,635	37,416,610
Cash and cash equivalents at the end of the year	5	41,396,881	31,861,635

Durban Marine Theme Park (Pty) Ltd

(Registration number 2001/020025/07)

Annual Financial Statements for the year ended 30 June 2013

Appropriation Statement

2013	Original Budget	Budget Adjustments (i.to. S28 and s31 of the MFMA)	Final adjustments Budget	Shifting of funds (i.to. S31 of the MFMA)	Virement (i. to. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of original Budget
Merchandising Revenue	7 518 260	-877 260	6 641 000			6 641 000	7 298 041		657 041	110%	97%
Ticketing Revenue	90 312 610	-3 712 807	86 599 803			86 599 803	83 687 971		-2 911 832	97%	93%
Village Walk Rental Revenue	23 203 495	-277 848	22 925 647			22 925 647	22 096 257		-829 390	96%	95%
Sponsorship Revenue	2 505 862	500 000	3 005 862			3 005 862	2 486 596		-519 266	83%	99%
Parking Revenue	3 637 423	-231 187	3 406 236			3 406 236	4 233 497		827 261	124%	116%
Food and Beverage Revenue	33 409 665	458 230	33 867 895			33 867 895	31 744 084		-2 123 811	94%	95%
Functions and Events Revenue	12 078 350	-3 168 975	8 909 375			8 909 375	12 184 875		3 275 500	137%	101%
Photographic Opportunity	1 393 883	-	1 393 883			1 393 883	1 415 452		21 569	102%	102%
Sundry Revenue	-	-	-			-	143 263		-	-	-
Insurance Proceeds	-	-	-			-	1 754 386		-	-	-
Umbrella Hire	159 316	-	159 316			159 316	221 719		62 403	139%	139%
Tattoo sales	257 446	-18 800	238 646			238 646	80 875		-157 771	34%	31%
Birthday parties	738 548	-	738 548			738 548	700 742		-37 806	95%	95%
Bambinos rentals	513 993	-135 993	378 000			378 000	346 702		-31 298	92%	67%
Lounger Hire	128 921	-	128 921			128 921	138 263		9 342	107%	107%
Seta Revenue	318 000	-	318 000			318 000	288 647		-49 353	84%	84%
Reversal of bad debt provision	-	-	-			-	220 000		-	-	-
Interest Received	953 409	-	953 409			953 409	2 078 720		1 125 311	218%	218%
Total Revenue	177 129 181	-7 464 640	169 664 541			169 664 541	171 100 090		1 435 549		
Reimbursed Employee Costs	61 887 019	-379 531	61 507 488			61 507 488	64 462 746		2 955 258	105%	104%
Management fee	7 634 894	-458 890	7 176 004			7 176 004	6 284 917		-891 087	88%	82%
Depreciation and amortization	36 000 000	-	36 000 000			36 000 000	36 391 777		391 777	101%	101%
Impairment Loss – Asset	-	-	-			-	86 070		-	-	-
Impairment Loss – Inventory	-	-	-			-	350 000		-	-	-
Finance Costs	8 437 761	734 943	9 172 704			9 172 704	9 182 795		-10 091	100%	109%
Debt Impairment	240 000	-100 000	140 000			140 000	78 082		-61 918	56%	33%
Repairs and maintenance	5 617 920	2 371 005	7 988 925			7 988 925	7 837 599		-151 326	98%	140%
Contracted services	3 984 471	-485 451	3 499 020			3 499 020	3 366 659		-132 361	96%	84%
Loss on disposal of assets and liabilities	500 000	500 000	1 000 000			1 000 000	745 653		-254 347	75%	149%
General expenses	87 808 257	-8 952 507	78 855 750			78 855 750	73 273 089		-5 582 661	93%	83%
Total Expenditure	212 110 322	-6 770 431	205 339 891			205 339 891	202 059 387		3 280 504		
NET DEFICIT FOR THE YEAR	-34 981 141	-694 209	-35 675 350			-35 675 350	-30 959 297		-4 716 053		

Durban Marine Theme Park (Pty) Ltd

(Registration number 2001/020025/07)

Annual Financial Statements for the year ended 30 June 2013

Appropriation Statement

Capital expenditure & funds sources									
Capital Expenditure	8 452 000	8 452 000	-	8 452 000	8 117 550	334 450	96%	104%	
Huggies Sponsorship	118 850	118 850		118 850	108 724	10 126	91%	109%	
Effingham Funds	3 500 000	3 500 000		3 500 000	3 304 620	195 380	94%	106%	
						-			
Total	12 070 850	12 070 850	-	12 070 850	11 530 894	539 956			
Cash flows									
Net cash from (used) operating	10 416 219	2 030 799	12 447 018	12 447 018	20 437 212	7 990 194	164%	196%	
Net cash from (used) investing	-16 217 931	-	-16 217 931	-16 217 931	-11 996 275	4 221 656	74%	74%	
Net cash from (used) financing	-1 005 025	-	-1 005 025	-1 005 025	1 093 925	2 098 950	-109%	-109%	
Cash/ cash equivalents at the beginning of	29 855 839	-	29 855 839	29 855 839	31 861 635	2 005 796	107%	107%	
Cash/ cash equivalents at the year end	23 049 102	2 030 799	25 079 901	25 079 901	41 396 497	16 316 596			

Durban Marine Theme Park SOC Limited (RF)

(Registration number 2001/020025/07)

Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

1. Presentation of Annual Financial Statements

The principal accounting policies adopted in the preparation of the financial statements are set out below and are consistent with those of the previous year.

The financial statements have been prepared in accordance with the effective Standards of Generally Recognized Accounting Practices (GRAP) issued by the Accounting Standards Board as follows:

Standard of GRAP

GRAP 1: Presentation of financial statements

GRAP 2: Cash flow statements

GRAP 3: Accounting policies, changes in accounting accounting estimates and errors

GRAP 17: Property, plant and equipment

GRAP 21: Impairment of Non-Cash Generating Assets

GRAP 26: Impairment of Cash-Generating Assets

GRAP 25: Employee benefits

GRAP 103: Heritage assets

GRAP 104: Financial Instruments

The following standards have been early adopted;

GRAP 18: Segment reporting

GRAP 23: Revenue from non-exchange transactions

(Taxes and transfers)

GRAP 24: Presentation of budget information in financial statements

The following standards have been issued but not yet effective;

GRAP 20: Related party disclosures

GRAP 105: Transfers of functions between entities under common control

GRAP 106: Transfers of functions between entities not under common control

GRAP 107: Mergers

The standards have no impact on Durban Marine Theme Park

Currently the recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in the financial statements. The implementation of GRAP has resulted in the following changes in the presentation of the financial statements:

a) Terminology differences:

Standard of GRAP	Replaced Statement of GAAP
Statement of financial performance	Income Statement
Statement of financial position	Balance sheet
Statement of changes in net assets	Statement of changes in equity
Net assets	Equity
Surplus / deficit	Profit / loss
Accumulated surplus / deficit	Retained earnings
Contributions from owners	Share capital
Distribution to owners	Dividends

Durban Marine Theme Park SOC Limited (RF)

(Registration number 2001/020025/07)

Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

b) The cash flow statement can only be prepared in accordance with the direct method.

c) Specific information has been presented separately on the statement of financial position such as:

- Receivables from non-exchange transactions, including taxes and transfers;
- Taxes and transfers payable;
- Trade and other payables from non-exchange transactions;

d) Amount and nature of any restrictions on cash balances is required.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The entity assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the entity is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the entity for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including supply demand, together with economic factors such as exchange rates and inflation interest.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 11 - Provisions.

Effective interest rate

The entity used the prime interest rate to discount future cash flows.

Durban Marine Theme Park SOC Limited (RF)

(Registration number 2001/020025/07)

Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

1.1 Transfer of functions between entities under common control (continued)

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.2 Presentation of currency

These annual financial statements are presented in South African Rand and rounded to the nearest Rand.

1.3 Going concern

These annual financial statements have been prepared on a going concern basis.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

Initial recognition

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment comprises: - land and buildings; furniture, fittings and equipment; plant and machinery and vehicles and are included at historical cost. Cost includes all costs that are directly attributable to bringing the assets to working condition for their intended use.

Subsequent recognition

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised during the period required to prepare and complete the asset for its intended use. Other borrowing costs are expensed.

Repairs and maintenance are expensed as and when incurred.

Motor vehicles are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

All assets, other than land and motor vehicles, are depreciated on a straight line basis over their estimated useful lives and the rates range between:

Durban Marine Theme Park SOC Limited (RF)

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Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

1.4 Property, plant and equipment (continued)

Item	Average useful life
Buildings and Building Structures	3-45 years
Plant and machinery	3-20 years
Furniture and Fittings and Equipment	2-20 years
Motor vehicles	3-11 years
Biological assets	50-85 years

Useful life and residual value is reviewed annually and the prospective depreciation is adjusted accordingly.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in income or expenditure.

Property, plant and equipment that meet the recognition criteria are stated in the statement of financial position at amortised cost, being the initial cost price less any amortisation and impairment. The entity assesses at each reporting date whether there is any indication that an asset may be impaired.

Land is not depreciated as it is deemed to have an indefinite life.

Derecognition:

Items of Property, Plant and Equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date.

1.5 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the entity or from other rights and obligations.

Initial recognition

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Subsequent recognition

Intangible assets that meet the recognition criteria are stated in the statement of financial position at amortised cost, being the initial cost price less any amortisation and impairment.

Amortisation is charged so as to write off the cost of intangible assets over their estimated useful lives, using the straight-line method as follows:

Item	Useful life
Computer software	2-11 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

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1.5 Heritage assets (continued)

The useful lives of intangible assets are reassessed at the end of each financial year.

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date.

1.6 Leased assets

Leases of property, plant and equipment where the company assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the underlying lease payment.

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the year of the lease. When an operating lease is terminated before the lease year has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the year in which termination takes place.

Lease income received

Lease revenue is recognised as revenue on a straight-line basis over the lease term.

Income for leases is disclosed under revenue in statement of financial performance.

1.7 Financial instruments

Initial recognition and measurement

Recognition

Financial assets and financial liabilities are recognized on the company's statement of financial position when the company becomes a party to the contractual provision of the instrument.

Financial instruments carried on the statement of financial position include a loan, prepayments and advances, non-exchange transfers receivable, trade and other receivables from exchange transactions, cash and cash equivalents, non-exchange transfers payable, trade and other payables from exchange transactions and VAT payable. Where relevant, the particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Measurement

Financial instruments are initially measured at fair value plus any transaction costs directly attributable to the acquisition or issue of financial asset / liability. Subsequent to initial recognition, these instruments are measured as set out below.

Financial assets

The company's financial assets are cash and bank balances trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at amortised cost. For the purposes of the cash flow statement, cash and cash equivalent comprise cash on hand, deposits held with banks, and bank overdrafts.

Trade receivables

Trade receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off during the year in which they are identified.

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1.7 Financial instruments (continued)

Financial liabilities

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other payables relate to VAT payable and accruals.

Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Compound financial instruments

Compound financial instruments issued by the group comprise convertible debentures that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Derecognition

A financial asset or a portion thereof is derecognised when the company realises that the contractual rights to the benefits specified in the contract expire; the company surrenders those rights or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and the sum of the proceeds receivable and any prior adjustment to reflect the fair value of the asset that had been reported in net assets is included in net surplus or deficit for the period.

Fair value considerations

The fair values at which financial instruments are carried at the reporting date have been determined using available market values. Where market values are not available, fair values have been calculated by discounting expected future cash flows at prevailing interest rates. The fair values have been estimated using available market information and appropriate valuation methodologies, but are not necessarily indicative of the amounts that could be realised in the normal course of business. The carrying amounts of financial assets and financial liabilities with a maturity of less than one year are assumed to approximate their fair value due to the short-term trading cycle of these items.

Subsequent measurement

Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

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1.7 Financial Instruments (continued)

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in surplus or deficit as part of other income. Dividends received on available-for-sale equity instruments are recognised in surplus or deficit as part of other income when the entity's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognised in surplus or deficit, while translation differences on non-monetary items are recognised in equity.

Loans and receivables are measured initially and subsequently at fair value, gains and losses arising from changes in fair value are included in profit or loss for the period.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Statement of Financial Position.

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the entity has the positive intention and ability to hold to maturity are classified as held to maturity.

1.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The entity's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used to determine deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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1.9 Revenue recognition

Revenue comprises rental income, entrance and parking fees, sales of merchandise, food and beverage, sponsorship income, eventing income and interest net of Value Added Tax and discounts.

Rental income is recognised on the straight-line basis over the lease term and accordingly deferred income is raised.

Entrance and parking fees and sales of merchandise, food and beverage are recognised immediately upon receipt.

Interest, sponsorship and eventing income is recognised as it accrues (taking into account in respect of interest income, the effective yield on the asset) unless collectability is in doubt.

1.10 Provisions and contingencies

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

1.11 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

Subsequent recognition

Subsequently inventories are measured at the lower of cost and net realisable value.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered.

Derecognition

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Inventories are valued at the lower of cost or net realizable value. Provision is made for slow moving goods and obsolete materials are written off. Cost is determined at invoice cost on a weighted average basis.

1.12 Foreign currency transactions

Transactions in foreign currencies are converted to South African Rand at the rate of exchange ruling at the date of the transaction.

1.13 Retirement obligations

Staff are obliged to be members of the Provident Fund which is governed by the Pension Funds Act of 1956. Contributions are based on a percentage of the payroll and charged to the income statement in the year to which they relate.

1.14 Investment property

Investment property is the uShaka Village Walk Shopping Mall and comprises: - Building and Structures, Furniture, fittings and equipment. Investment property is valued at cost less accumulated depreciation. Cost includes all costs that are directly attributable to bringing the assets to working condition for their intended use.

Where items of investment property have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

Interest costs on borrowings to finance the construction of investment property are capitalised during the period required to prepare and complete the asset for its intended use. Other borrowing costs are expensed.

All assets within investment property are depreciated on a straight line basis over their estimated useful lives and the rates range between:

- Buildings and Building Structures 10 - 40 years
- Furniture and Fittings and Equipment 5 - 40 years

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1.15 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.16 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipal entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

1.17 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.18 Impairment of cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the entity applies the appropriate discount rate to those future cash flows.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standard of GRAP.

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1.18 Impairment of cash-generating assets (continued)

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the entity determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the entity use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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1.18 Impairment of cash-generating assets (continued)

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.19 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of an asset is the present value of the asset's remaining service potential.

The present value of the remaining service potential of an asset is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

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1.19 Impairment of non-cash-generating assets (continued)

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of a cash-generating asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.20 Share capital / contributed capital

The entity discloses agreements to perform in the future.

Disclosure of commitments should include the nature, amounts and any unusual terms and uncertainties of the commitment.

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1.21 Prior period error

The entity discloses the nature of the prior period error for each prior period presented, to the extent practicable, the amount of the correction for each financial statement line item affected. The amount of the correction at the beginning of the earliest prior period presented. If retrospective restatement is impracticable, an explanation and description of how the error has been corrected.

Financial statements of subsequent periods need not repeat these disclosures.

1.22 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and provident fund contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care and cellphones allowances) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments

Defined contribution plans

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

1.23 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

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1.23 Revenue from exchange transactions (continued)

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.24 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

1.25 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.26 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

1.27 Accumulated deficit

The company has generated net losses over the life of the business, it has negative retained earnings, which it reports as an accumulated deficit in the equity section.

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1.28 VAT

VAT is payable on the accrual basis. VAT inputs receivables and VAT outputs payables are shown in the balance sheet. All VAT returns have been submitted by the due date throughout the year.

1.29 Events after reporting period

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- (a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date)..

1.30 Capital commitments

A capital commitment is a binding agreement to undertake capital expenditure at some set time in the future which has not yet become an actual liability.

1.31 Share Capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities (note 15).

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

1.32 Budget information

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the annual financial statements.

The adjusted budget was approved on July 2012 by the board of directors was used for comparison (Refer to note 33)

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Figures in Rand	2013	2012
2. Inventories		
Merchandise	3,506,194	1,947,930
Food and Beverage	1,113,975	1,147,872
Consumable stores	790,703	1,019,700
	<u>5,410,872</u>	<u>4,115,502</u>
Provision for slow moving merchandising inventory	(350,000)	-
	<u>5,060,872</u>	<u>4,115,502</u>
Inventory pledged as security		
Inventory was not pledged as security.		
3. Receivables from exchange transactions		
Trade debtors	470,307	1,157,912
Debt impairment provision	(259,126)	(401,044)
Sundry debtors	32,992	36,260
Prepayments	1,853,508	137,097
eThekwini Municipality	-	520,020
	<u>2,097,681</u>	<u>1,450,245</u>
Trade Debtors		
Current (0 - 30 days)	88,552	415,408
31 - 60 days	62,940	316,244
61 - 90 days	124,537	129,000
Greater than 90 days (There were no functions debtors in 2013)	194,278	297,260
	<u>470,307</u>	<u>1,157,912</u>
Reconciliation of debt impairment provision		
Opening balance	(401,044)	(153,735)
Increase in provision	(78,082)	(247,309)
Bad debts recovered	220,000	-
	<u>(259,126)</u>	<u>(401,044)</u>
Sundry debtors		
Current (0 - 30 days)	32,992	36,260
Prepayments: will be released into the income statement over the following periods		
Current (0 - 30 days)	231,688	13,568
31 - 60 days	231,688	13,568
61 - 90 days	231,688	12,997
Greater than 90 days (2013 includes WCA provision)	1,158,444	96,964
	<u>1,853,508</u>	<u>137,097</u>
eThekwini Municipality		
Current	-	520,020
4. VAT receivable		
VAT	418,609	20,341

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5. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	39,730,971	30,448,700
Cash on hand	1,665,910	1,412,935
	41,396,881	31,861,635

The entity had the following bank accounts

Account number/description	Bank statement balances			Cash book balances		
	30 June 2013	30 June 2012	30 June 2011	30 June 2013	30 June 2012	30 June 2011
Standard bank salary clearing account - 050215280	384	-	-	384	-	-
Investec Smartrate Notice 90/0 - 50006958840	23,088,241	-	-	23,088,241	-	-
Investec Smartrate Notice 60/20 - 50005636079	15,623,757	28,624,971	-	15,623,757	28,624,971	-
Investec Bank - Business Top 5 - 50003801489	-	-	21,223,891	-	-	21,223,891
RMB Bank Account - Call account - 100027-X021905914	37,821	37,821	2,337,821	37,821	37,821	2,337,821
Standard Bank Kingsmead Retail Bank Account A/C 050139452	63,066	166,690	201,529	63,066	166,690	201,529
Standard Bank Kingsmead School School Account A/C 050139495	2,311	9,340	8,724	2,311	9,340	8,724
Standard Bank Kingsmead Main Deposit Account A/C 050139509	915,391	1,609,878	2,537,097	915,391	1,609,878	2,537,097
Investec -Fixed Deposit 21 Day Account A/C 443362	-	-	10,275,176	-	-	10,275,176
Total	39,730,971	30,448,700	36,584,238	39,730,971	30,448,700	36,584,238

6. Investment property

	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	90,990,027	(20,503,169)	70,486,858	91,200,824	(17,924,917)	73,275,907

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6. Investment property (continued)

Reconciliation of investment property - 2013

	Opening balance	Disposals	Depreciation	Total
Investment property	73,275,907	(27,842)	(2,761,207)	70,486,858

Reconciliation of investment property - 2012

	Opening balance	Disposals	Depreciation	Total
Investment property	76,064,392	(17,996)	(2,770,489)	73,275,907

Pledged as security

None of the assets were pledged as security.

Details of valuation

Investment Property comprises the Village Walk retail shopping mall from which rental income is derived. The original cost of this property including land was approximately R69,000,000. The directors fair value thereof is R118,000,000 based on a valuation method of net rental return, capitalised at a fair market rate of return of 12%.

7. Property, plant and equipment

	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and buildings	498,911,092	(145,153,067)	353,758,025	495,753,851	(128,293,644)	367,460,207
Plant and machinery	101,271,864	(85,668,540)	15,603,324	97,971,207	(76,698,850)	21,272,357
Furniture and fixtures	43,725,775	(24,224,534)	19,501,241	42,746,617	(19,845,711)	22,900,906
Motor vehicles	1,711,084	(737,017)	974,067	1,603,184	(582,190)	1,020,994
Capital work in progress	589,572	-	589,572	131,007	-	131,007
Biological assets	35,600	(1,006)	34,594	35,600	(504)	35,096
Total	646,244,987	(255,784,164)	390,460,823	638,241,466	(225,420,899)	412,820,567

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land and buildings	367,460,207	3,236,423	(63,973)	(16,874,632)	-	353,758,025
Plant and machinery	21,272,357	4,135,198	(166,896)	(9,637,335)	-	15,603,324
Furniture and fixtures	22,900,906	3,668,602	(486,943)	(6,581,324)	-	19,501,241
Motor vehicles	1,020,994	193,970	-	(154,827)	(86,070)	974,067
Capital work in progress	131,007	458,565	-	-	-	589,572
Biological assets	35,096	-	-	(502)	-	34,594
Total	412,820,567	11,692,758	(717,812)	(33,248,620)	(86,070)	390,460,823

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7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Disposals	Depreciation	Total
Land and buildings	383,588,574	592,312	(12,490)	(16,708,189)	367,460,207
Plant and machinery	30,645,666	583,385	(388,003)	(9,568,691)	21,272,357
Furniture and fixtures	22,165,571	6,744,468	(482,127)	(5,527,006)	22,900,906
Motor vehicles	1,205,521	-	-	(184,527)	1,020,994
Capital work in progress	-	131,007	-	-	131,007
Biological assets	35,599	-	-	(503)	35,096
	437,640,931	8,051,172	(882,620)	(31,988,916)	412,820,567

Pledged as security

None of the assets were pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the entity.

8. Intangible assets

	2013			2012		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1,936,252	(944,411)	991,841	1,642,625	(572,351)	1,070,274

Reconciliation of intangible assets - 2013

	Opening balance	Additions	Amortisation	Total
Computer software	1,070,274	303,517	(381,950)	991,841

Reconciliation of intangible assets - 2012

	Opening balance	Additions	Amortisation	Total
Computer software	1,001,220	352,659	(283,605)	1,070,274

Pledged as security

None of the assets were pledged as security.

9. Deferred income

Rental adjustment	4,899,384	5,976,801
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	2013	2012
10. Payables from exchange transactions		
Trade payables	18,047,233	12,451,376
Other payables	1,551,332	3,440,355
SAAMBR employee incentives payable	1,129,155	-
Durban Marine Theme Park employee incentives payable	2,289,795	-
Revenue generator incentives	428,919	-
	23,446,434	15,891,731

11. Provisions

Reconciliation of provisions - 2013

	Opening Balance	Additions	Total
Leave pay	1,809,538	428,269	2,237,807

The leave pay provision is based on total cost to the company for employees with leave days accrued. The leave provision will be reversed when leave is taken or when an employee is paid upon termination of employment and hence the timing and amount is uncertain.

12. Tenant rental deposits

Tenant rental deposits	1,411,292	1,416,029
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13. Long term liabilities

The DBSA Village Walk is an unsecured loan which bears interest at 8.5% with the final payment on the 30 September 2016.

DBSA Village Walk - Held at amortised costs

Balance at the beginning of the year	3,655,854	4,297,725
Interest during the year	281,814	339,564
Payments during the year	(980,057)	(981,435)
Balance at the end of the year	2,957,611	3,655,854
Less: Current portion	(758,968)	(698,243)
Disclosure of Long Term Portion	2,198,643	2,957,611

14. Debentures

Debentures	107,800,782	98,899,800
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The unsecured convertible debenture bears interest at a non-compounding rate of 13% per annum. The accrued interest is payable at the end of the twelfth year of the issued debenture. The debenture is convertible at the option of the holder into ordinary shares of the company at anytime during 12 years from date of issue. Should the holder not exercise the option to convert, the debenture is redeemable at the option of either the issuer or the bearer after 12 years from date of issue. On redemption the debenture capital is repayable in three equal annual tranches during 2015, 2016 and 2017.

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14. Debentures (continued)

Debenture - compound instrument

Financial Liability

Convertible instrument reserve

107,800,782 98,899,800

4,463,785 4,463,785

112,264,567 103,363,585

15. Share capital / contributed capital

The authorised share capital of the company is 10,000 shares of R1,00 each.

Issued

9,385 Ordinary Shares of R 1 each (2012: 9,385)

Share premium

9,385 9,385

872,985,542 872,985,542

872,994,927 872,994,927

Share Premium is made up as follows:

- 1,937 Shares issued at premium of R97,086
- 1,600 Shares issued at premium of R98,083
- 5,109 Shares issued at premium of R97,083
- 206 Shares issued at premium of R97,086
- 124 Shares issued at premium of R96,773

16. Going concern

A resolution by the eThekweni Council was passed on 25 June 2013 confirming the following:

Extract from council minutes: "Taking cognizance of the International Convention Centre and Durban Marine Theme Park operating at a break-even level, excluding depreciation and finance charges, the Council confirms its commitment to ensuring the future financial viability of the International Convention Centre and the Durban Marine Theme Park and more specifically to meet any funding shortfalls that may compromise their ability to continue trading as a "going concern."

17. Prior period error

Property, Plant and Equipment and Intangible assets:

The useful lives of certain categories of Investment property, Buildings, Plant and machinery, Furniture and fixtures, Motor vehicles and Intangible assets were revised.

Investment property lives were extended between 2 to 5 years

Buildings useful lives were extended between 2 to 5 years

Plant and machinery lives were extended between 2 to 10 years

Furniture and fixtures were extended between 2 to 7 years

Motor vehicles were extended between 2 to 4 years

Intangible assets were extended between 2 to 3 years

The change in the estimated useful life has been accounted for retrospectively.

The comparative statements for the 2012 financial year have been restated for the change in estimate.

Investment property - restatement of book value

Balance previously reported

Accumulated depreciation adjustment prior to 2011/12

Adjustment for 2011/12

- 73,777,743

- (244,789)

- (257,047)

- 73,275,907

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	2013	2012
17. Prior period error (continued)		
Land and buildings - restatement of book value		
Balance previously reported	-	366,976,547
Accumulated depreciation adjustment prior to 2011/12	-	648,627
Adjustment for 2011/12	-	(164,967)
	-	367,460,207
Plant and machinery - restatement of book value		
Balance previously reported	-	19,638,850
Accumulated depreciation adjustment prior to 2011/12	-	1,435,947
Adjustment for 2011/12	-	197,560
	-	21,272,357
Furniture and fixtures- restatement of book value		
Balance previously reported	-	20,684,555
Accumulated depreciation adjustment prior to 2011/12	-	2,126,875
Adjustment for 2011/12	-	89,476
	-	22,900,906
Motor vehicles - restatement of book value		
Balance previously reported	-	887,273
Accumulated depreciation adjustment prior to 2011/12	-	200,979
Adjustment for 2011/2012	-	(67,258)
	-	1,020,994
Intangible assets - restatement of book value		
Balance previously reported	-	810,948
Accumulated depreciation adjustment prior to 2011/12	-	110,968
Adjustment for 2011/2012	-	148,358
	-	1,070,274
18. Investment revenue		
Interest revenue		
Bank	1,883,937	1,814,561
Interest charged on trade and other receivables	194,782	133,139
	2,078,719	1,947,700

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19. Employee related costs		
Salaries, wages, travel allowance and bonuses	47,973,573	45,114,938
Contributions to UIF, Provident fund, Medical Aid and Workmen's compensation	8,883,565	7,381,392
Leave pay	428,269	1,809,538
Overtime payments	3,328,070	3,451,202
uShaka financial incentive	2,289,795	-
SAAMBR financial incentive	1,129,155	-
Revenue incentive scheme	430,319	212,895
	64,462,746	57,969,965
Durban Marine Theme Park		
Number of persons employed at year end: Full time	498	504
Fixed term contracts	6	44
Casuals	71	45
	575	593
Directors Fees		
Directors fees paid - J H de Villiers Botha	149,400	48,000
Directors fees paid - G J Whiteford	219,900	77,750
Directors fees paid - R Turner	36,600	-
Directors fees paid - B J Mtembu	-	12,000
Directors fees paid - J Russell (Chairman)	221,300	95,850
Directors fees paid - S Pillay	54,000	18,000
Accounting officer fees paid - GJ Whiteford	176,300	210,000
	857,500	461,600
South African Association for Marine Biological Research		
Number of persons employed at year end: Full time	155	154
Remuneration of chief executive officer - S.H Thompson		
Annual Remuneration	1,113,845	1,022,003
Cellphone Allowance	20,000	24,000
Performance Bonuses	106,194	111,533
Contributions to UIF, Medical and Pension Funds	180,741	126,800
	1,420,780	1,284,336
Remuneration of chief finance officer - P.V.D Berg		
Annual Remuneration	832,312	781,513
Cellphone Allowance	14,400	14,400
Performance Bonuses	-	56,944
Annual Bonuses	73,143	61,866
Contributions to UIF, Medical and Pension Funds	158,375	147,566
	1,078,230	1,062,289

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19. Employee related costs (continued)

Remuneration of the chief operating officer - P.N Pillay

Annual Remuneration	772,872	673,499
Cellphone Allowance	14,400	6,000
Annual Bonuses	68,997	59,492
Contributions to UIF, Medical and Pension Funds	136,472	116,647
	992,741	855,638

Remuneration of marketing executive - G.M Adams

Annual Remuneration	838,954	787,750
Cellphone Allowance	14,400	14,400
Petrol allowance	19,992	21,658
Travel allowance	60,000	60,000
Annual Bonus	73,726	62,360
Performance Bonuses	-	57,398
Contributions to UIF, Medical and Pension Funds	160,191	149,246
	1,167,263	1,152,812

Remuneration of retail executive - G.A Jacobson

Annual Remuneration	615,052	577,514
Cellphone Allowance	14,400	14,400
Performance Bonuses	-	37,995
Annual Bonus	54,050	46,231
Contributions to UIF, Medical and Pension Funds	117,996	110,203
	801,498	786,343

Remuneration of human resources executive

Annual Remuneration	268,038	361,673
Cellphone Allowance	7,200	3,600
Performance Bonuses	-	36,289
Annual Bonus	19,473	37,551
Contributions to UIF, Medical and Pension Funds	71,044	64,693
	365,755	503,806

G.V. Wyk was the Human Resources Executive for the period 1 July 2011 to 30 September 2011.

The HR executive position was vacant for 4 months.

D.J.J. Pambo was the Human Resources Executive for the period 1 January 2012 to 13 July 2012.

The HR executive position was vacant for 7 months.

N.L.Z. Zulu was the Human Resources Executive for the period 4 February 2013 to 19 July 2013.

Remuneration of the Food and Beverage Executive - M.A Mokoena

Annual Remuneration	157,506	-
Cellphone Allowance	4,800	-
Contributions to UIF, Medical and Pension Funds	28,704	-
	191,010	-

The Food and Beverage executive was appointed on the 15 March 2013.

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20. Depreciation and amortisation		
Property, plant and equipment	33,248,620	31,988,916
Investment property	2,761,207	2,770,489
Intangible assets	381,950	283,605
	36,391,777	35,043,010
21. Finance costs		
Debentures	8,900,982	8,166,039
DBSA Village Walk	281,814	339,564
	9,182,796	8,505,603
22. Contracted services		
Specialist Services	2,836,695	2,319,640
Other Contractors	529,964	849,506
	3,366,659	3,169,146
23. General expenses		
Auditors remuneration	688,221	678,991
Bank charges	1,168,458	1,103,946
Cleaning	1,438,479	1,733,171
Commission paid	1,733	10,349
Legal fees and licences	534,910	853,620
Consumables	1,787,984	1,699,353
Insurance	1,246,153	1,243,187
Lease rentals on operating lease	26,122	51,160
Marketing	9,410,315	10,159,194
Medical expenses	12,711	44,196
Printing and stationery	598,999	599,717
Promotions and entertainment	2,342,829	3,045,714
Security	3,421,745	3,015,439
Software expenses	31,220	43,639
Staff welfare	2,135,437	2,923,239
Telephone and fax	547,551	714,509
Travel and accommodation	496,864	481,148
Equipment replacement costs	352,802	548,412
Electricity	16,807,435	16,687,374
Water	3,117,388	5,249,394
Directors fees	857,500	461,600
Functions and equipment hire	1,899,019	634,718
Ticketing costs	761,085	800,614
Durban point waterfront levy and parking rates	1,291,314	1,155,162
Free parking	96,287	18,996
Other expenses	1,530,803	1,355,982
	52,603,364	55,312,824
24. Taxation		

No provision has been made for 2013 tax as an assessed loss of R 303,372,152 (2012: R 291,085,469) is available for set off against future taxable income. No deferred tax asset has been raised since there is no expectation of realisation.

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25. Auditors' remuneration		
Fees	688,221	678,991
Final	519,620	567,625
Interim	168,601	111,366
	688,221	678,991
26. Operating lease		
Lessor		
The operating lease relate to rental contracts derived from uShaka Village Walk. The lease agreements were entered into on various dates and will be operational for varying periods, the last expiring on 30 June 2018. For the purposes of calculating the lease commitments, options to renew the leases on expiry have been ignored. The rental escalation percentage varies from lease to lease, the average being about 10%.		
Not later than one year	18,900,845	17,759,283
Later than one year and not later than five years	36,648,934	36,117,514
	55,549,779	53,876,797
27. Cash generated from operations		
Deficit	(30,959,297)	(40,784,557)
Adjustments for:		
Depreciation and amortisation	36,391,777	35,043,010
Loss on sale of assets	745,654	819,377
Interest income	(2,078,719)	(1,947,700)
Finance costs	9,182,796	8,505,603
Bad debt recoveries	(220,000)	-
Debt impairment	78,082	346,824
Movements in provisions	428,269	1,809,538
Asset impairment	86,070	-
Deferred income adjustment	1,077,417	1,538,667
Slow moving stock provision	350,000	-
Changes in working capital:		
Inventories	(1,295,370)	(367,611)
Receivables from exchange transactions	(903,786)	(137,494)
Payables from exchange transactions	7,554,703	(2,953,978)
	20,437,596	1,871,679
28. Related parties		
Related party balances		
Loan accounts - Owing to related parties		
- DBSA Village Walk (Refer note 13)	2,957,611	3,655,854
- DBSA Debenture compound instruments (Refer note 14)	112,264,567	103,363,585
Amounts included in Trade Payables regarding related parties		
eThekweni Municipality	2,321,762	2,282,609
High Footprint Management (Pty) Ltd	-	1,611,826
South African Association for Marine Biological Research	1,212,699	97,779

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28. Related parties (continued)		
Amounts included in Trade Receivables regarding related parties		
eThekweni Municipality (Refer note 3)	-	520,020
South African Association for Marine Biological Research	32,992	36,260
Related party transactions		
eThekweni Municipality (Controlling Shareholder) (99.9% shareholding)		
Electricity (Refer note 23)	16,807,435	16,687,374
Water (Refer note 23)	3,117,388	5,249,394
Waste	1,120,113	870,243
Insurance	1,246,153	1,243,187
Advanced fire fighting	-	33,056
Development Bank of Southern Africa (Minority Shareholder) (0.1% Shareholding)		
Interest on loans (Refer note 21)	281,814	339,564
Debentures (Refer note 21)	8,900,982	8,166,039
High Footprint Management (Pty) Ltd (Management Company)		
Management Fees	6,284,917	6,786,609
Reimbursed employee related costs (Refer note 19)	45,709,657	57,969,965
Included in revenue is rental received from Rowmoor 476 (Pty) Ltd	475,004	1,501,244
Included in the debtors balance is a balance due from Rowmoor 476 (Pty) Ltd	116,336	138,815
SS Ngcobo, a director of High Footprint Management has a 30% shareholding in tenant Rowmoor 476 (Pty) Ltd trading as Cape town fish market.		
Whilst no negotiations were undertaken with Moyo (tenant) in the year under review, Shawn Thompson the Chief Executive Officer by means of a convertible loan has an indirect interest of 20% in Friedshelf (Pty) Ltd. A shareholder of Moyo is also a shareholder of Friedshelf (Pty) Ltd. Friedshelf (Pty) Ltd stopped trading in November 2012 and is in the process of voluntary liquidation.		
Three Cities Management Ltd (Shareholder of management company) (40% shareholding)		
Travel and accommodation costs	57,096	20,714
Revenue received from related party		
eThekweni Municipality	3,976,639	1,782,165
Three Cities Management Ltd	-	16,996
Amounts paid to Boogertman & Partners		
H.C. Rudham is a director of Mbatha Walters & Simpson, who are appointed as sub-consultants to Boogertman & Partners.	1,316	28,786

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29. Risk management

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

Credit and interest rate risk

(i) Credit Risk, which is defined as the risk that one party to a financial instrument will fail to honour its obligation, thus causing the other party to incur a financial loss.

(ii) Interest Rate Risk, which is defined as the risk that the fair value or future cash flow associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of credit risk and interest rate risk consist mainly of long term debtors, consumer's debtors, other debtor's cash and cash equivalents.

The company limits its exposures by only dealing with well established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the company's rental policy.

Consumer debtors comprise of a large number of tenants, dispersed across different sectors of retail. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "hand over for collection", whichever procedure is applicable in terms of the company's Doubtful debt policy.

Long term Receivables and Other Debtors are individually evaluated annually at balance sheet date for impairment or discounting.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument		
Trade Debtors		
Other Debtors (Including Prepayments)	470,307	1,276,888
Cash and Cash Equivalents	1,886,500	173,357
	41,396,497	31,861,635

30. Irregular expenditure

Balance brought forward	-	2,966,547
Award to person in service of state 2012 - current year	-	2,455,353
Three quotations not obtained	263,614	-
Condoned	(263,614)	(5,421,900)
	-	-

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30. Irregular expenditure (continued)

Current year: The following irregular expenditure was incurred due to the fact that three quotations were not obtained.

Borges Distributors – R164,242
Clover SA – R99,372

This expenditure has been condoned by the board of directors of Durban Marine Theme Park and has received the municipal and/or mayoral condonement.

Prior year: The following irregular expenditure was incurred due to circumstances beyond the control of uShaka Marine World management. The companies below have directors who are in the service of the state and hence in contravention of section 44 of the supply chain management regulations. At no stage did these companies disclose this information to uShaka Marine World and this contravention was brought to the attention of management via the interim Auditor General's report.

Vusa Isizwe Security - R2,387,655
Coin Security Group - R67,698

This expenditure has been condoned by the board of directors of Durban Marine Theme Park and has received the municipal and/or mayoral condonement.

Investigations that are still in progress relate to South African Police Station reference number: 179/11 / POINT CAS 619-09-2010

31. Deviation from supply chain management regulations

Contract awards in terms of Section 36 (Deviation from, and ratification of minor breaches of, procurement processes) of the Supply Chain Management Policy amounted to R 1,887,183 (2012: R 903,880).

During the year there were contract awards of more than R 2,000 to the following employees, their spouse's, children or parents of people employed by the company amount to R 176,290 (excluding VAT)

Full name	: Audrey Bigara
Job title	: Human resources business partner
Amount	: R 8,000 (excluding VAT)
Supplier	: Audea Productions
Relation	: Husband is an employee of the Audea Productions

Full Name	: Zama Mlaba
Job title	: Function Sales Co-ordinator
Amount	: R 168,290 (excluding VAT)
Supplier	: Mlaba Investments
Relation	: Husband is the owner of Mlaba Investments

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32. Commitment

Commitments in respect of operating expenditure

Outstanding commitment with merchandising suppliers through purchase orders raised during the year and stock held by the suppliers amounts to ;

RR Promos	: R 263,082
Cleal and Associate	: R 267,842
TTB Manufacturers	: R 104,300
Fashion X	: R 19,500
Buddy bear	: R 358,178
Rock Agencies	: R 258,952
TOTAL	<u>R 1,271,854</u>

Outstanding commitment in respect of service contracts amounts to;

Cleane deale cc	: R 1,433,162
Marketing at 321 cc S & A Marketing	: R 107,873
Ngxathu trading cc	: R 184,170
The no nonsense group	: R 315,096
ABE Pump Solutions cc	: R 3,103,693
Logic Creative cc	: R 480,000
TOTAL	<u>R 5,623,994</u>

The commitment is dependant on the supplier performing in terms of the service agreement.

Commitment in respect of capital expenditure

During the year the company has placed an order with various suppliers for capital expenditure. At year end the assets were not delivered. The total commitment is R 267,613.

33. Moses Mabhida Stadium

On 01 July 2013, Durban Marine Theme Park via an agreement with eThekweni Municipality, took over the payroll function of the Moses Mabhida Stadium for a two year period. The newly created division of Durban Marine Theme Park employs 112 staff members who worked for the previous management company of the stadium.

NOTE 33

DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED: ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2013

	2013		2013		2013		2013		2013		2013		Significant Variances greater than 10% versus Budget	
REVENUE	Actual (R)	Original Budget	Adjustment	Adjusted Budget	Variance (R)	Actual as % of final variance (%)								
Merchandising Revenue	7,298,041	7,518,260	(877,260)	6,641,000	657,041	10%							Note A	
Ticketing Revenue	83,687,971	90,312,610	(3,712,807)	86,599,803	(2,911,832)	(3%)							Note B	
Village Walk Rental Revenue	22,096,257	23,203,495	(277,848)	22,925,647	(829,390)	(4%)							Note C	
Sponsorship Revenue	2,486,596	2,505,862	500,000	3,005,862	(519,266)	(17%)							Note D	
Parking Revenue	4,233,497	3,637,423	(231,187)	3,406,236	827,261	24%							Note E	
Food and Beverage Revenue	31,744,084	33,409,665	458,230	33,867,895	(2,123,811)	(6%)							Note F	
Functions and Events Revenue	12,184,875	12,078,350	(3,168,975)	8,909,375	3,275,500	37%							Note G	
Photographic Opportunity	1,415,452	1,393,883	-	1,393,883	21,569	2%								
Sundry Revenue	143,263	-	-	-	143,263	100%							Note H	
Insurance Proceeds	1,754,386	-	-	-	1,754,386	100%							Note I	
Umbrella Hire	221,719	159,316	-	159,316	62,403	39%							Note J	
Tattoo sales	80,875	257,446	(18,800)	238,646	(157,771)	(66%)							Note K	
Birthday parties	700,742	738,548	-	738,548	(37,806)	(5%)								
Bambinos rentals	346,702	513,993	(135,993)	378,000	(31,298)	(8%)								
Lounger Hire	138,263	128,921	-	128,921	9,342	7%								
Seta Revenue	268,647	318,000	-	318,000	(49,353)	(16%)							Note L	
Bad Debt Recoveries	220,000	-	-	-	220,000	100%							Note M	
Interest Received	2,078,720	953,409	-	953,409	1,125,311	118%							Note N	
Total Revenue	171,100,090	177,129,181	(7,464,640)	169,664,541	1,435,549	1%								
EXPENDITURE														
Reimbursed Employee Costs	64,462,746	61,887,019	(379,531)	61,507,488	(2,955,258)	(5%)							Note O	
Management fee	6,284,917	7,634,894	(458,890)	7,176,004	891,087	12%							Note P	
Depreciation and amortization	36,391,777	36,000,000	-	36,000,000	(391,777)	(1%)								
Impairment Loss – Asset	86,070	-	-	-	(86,070)	(100%)							Note Q	
Impairment Loss – Inventory	350,000	-	-	-	(350,000)	(100%)							Note R	
Finance Costs	9,182,795	8,437,761	734,943	9,172,704	(10,091)	0%								
Debt Impairment	78,082	240,000	(100,000)	140,000	61,918	41%								
Repairs and maintenance	7,837,599	5,617,920	2,371,005	7,988,925	151,326	2%								
Contracted services	3,366,659	3,984,471	(485,451)	3,499,020	132,361	4%								
Loss on disposal of assets and liabilities	745,653	500,000	500,000	1,000,000	254,347	25%							Note S	
General expenses	73,273,089	87,808,257	(8,952,507)	78,855,750	5,582,661	7%								
Total Expenditure	202,059,387	212,110,322	(6,770,431)	205,339,891	3,280,504	2%								
NET DEFICIT FOR THE YEAR	(30,959,297)	(34,981,141)	(694,209)	(35,675,350)	4,716,053	13%								

DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED

NOTE 33 - ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) [Significant Variances greater than 10% versus Budget]

Note A	Merchandising performed well due to increased product range and greater floor space, including a new store, Ocean Buddies in December 2012.
Note B	Footfalls achieved 96% of adjusted budget for the year.
Note C	Village walk rentals included a R1.1mill debit due to straight line leasing adjustment.
Note D	Due to the economic climate it was difficult to obtain cash sponsorships.
Note E	Parking revenue growth was as a result of the installation of a new system in parking B which resulted in stricter controls. There were also more cars due to the popularity of uShaka beach.
Note F	Shortfall due to the closure of Upper Deck restaurant at the end of January 2013. (Upper Deck revenue budgeted for February 2013 to June 2013 total R 1.4mill).
Note G	Functions performed exceptionally well due to some major events including the Durban July and Indaba.
Note H	Relates mainly to admin fees, tender income and garnishee commission.
Note I	Relates to insurance proceeds we received for the waterproofing claim.
Note J	Performed well during the year.
Note K	Tattoo sales appear to be less popular than in previous years and other sources of "up sell" revenue are being considered
Note L	Seta revenue is 39 % of training spend.
Note M	Reversal of provision relates to recoveries made in the current year.
Note N	Performed well due to interest received on investments.
Note O	Included in payroll cost is the workmen's compensation expense of R 987K and incentive cost of R 3.4mill.
Note P	Management contract expired on 31 March 2013.
Note Q	Impairment on asset is due to the condition of the cleaning motor vehicle.
Note R	Impairment on inventory relates to slow moving merchandising stock.
Note S	Loss on disposal is due to various small assets that were written off.

MURBAN MARINE THEME PARK (PROPRIETARY) LIMITED: ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2012

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DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED

NOTE 33 - ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) [Significant Variances greater than 10% versus Budget]

Note A	Due to the economic climate it was difficult to obtain cash sponsorships.
Note B	Corporate spend on functions reduced in 2012. The budget for 2012 was based on 2011 actuals. In 2011 Indaba function amounted to R 735k and Checkout which was a once off function amounted to R500k. In 2012 DMTP lost the Indaba Function to ICC.
Note C	Relates mainly to insurance proceeds not budgeted for.
Note D	Performed well during the year.
Note E	Bambino and Tattoo sales performed poorly due to economic slow down. Tattoo sales appear to be less popular than in previous years and new avenues are being considered
Note F	Interest received on investment was not budgeted for.
Note G	Leave pay provision for the amount of R 1,809,538 has been accounted for due to the expiration of the management contract with High Footprint Management (Pty) Ltd subsequent to year end.
Note G	PIF and GOP management fee exceeded budget due to Net Profit during peak season exceeding budget.
Note H	Finance cost exceeded budget due to debenture interest being accounted for in terms of the accounting standards, whilst budget is based on actual agreement
Note I	Due to debt provision on a tenant and a wedding functions.
Note J	Savings due to reallocation of projects that were funded through Effingham and the postponement due to timing constraints of scheduled work into the next financial year.
Note K	Loss on disposal is due to various old assets that were written off, not anticipated at the time of budgeting

	<u>2013</u> <u>Actual</u>	<u>2013</u> <u>Original</u> <u>Budget</u>	<u>2013</u> <u>Adjust</u> <u>ment</u>	<u>2013</u> <u>Adjusted</u> <u>budget</u>	<u>2013</u> <u>Variance</u>	<u>2013</u> <u>Variance</u>	<u>Explanation of Significant Variances</u> <u>greater than 10% versus Budget</u>
	R	R	R	R	R	%	
Park Assets							
Marketing, Entertainment, Kids World	537,010	541,250	-	541,250	4,250	1%	
Finance	125,715	136,436	-	136,436	10,721	8%	
HR	94,041	100,000	-	100,000	5,959	6%	
IT	1,579,677	1,584,750	-	1,584,750	5,073	0%	
R&M and Safety	2,015,419	2,290,000	-	2,290,000	274,581	12%	Assets were not delivered within the financial year
Merchandising	321,096	351,250	-	351,250	30,154	9%	
Food & Beverage	620,922	635,000	-	635,000	14,077	2%	
SAAMBR	2,823,670	2,813,314	-	2,813,314	(10,356)	0%	
TOTAL	8,117,550	8,452,000	-	8,452,000	344,576	4%	
Huggies Sponsorship	108,724	118,850	-	118,850	10,126	9%	Sponsorship received for capital expense for Kids World

	2012 Actual	2012 Original Budget	2013 Adjustment	2013 Adjusted Budget	2012 Variance	2012 % Variance	Explanation of Significant Variances greater than 10% versus Budget
	R	R	R	R	R	%	
<i>Park Assets</i>							
Marketing and Guest Relations	371,611	372,500	-	372,500	889	0%	
Finance	64,606	67,000	-	67,000	2,394	4%	
HR	15,009	15,500	-	15,500	491	0%	
IT and Risk Systems	1,218,101	1,253,400	-	1,253,400	35,299	3%	
R&M	380,347	400,954	-	400,954	20,607	5%	
Village Walk	653,608	739,782	-	739,782	86,174	12%	
Merchandising	427,707	490,000	-	490,000	62,293	13%	
Safety & Parking	285,082	379,787	-	379,787	94,705	25%	
Waste & Cleaning	265,224	319,477	-	319,477	54,253	17%	
Wet & Wild	87,830	90,000	-	90,000	2,170	2%	
Food & Beverage	1,136,963	1,205,000	-	1,205,000	68,037	6%	
TOTAL	4,906,088	5,333,400	-	5,333,400	427,312	8%	

ACTUAL VS BUDGET PPE (CONT)	2013 Actual	2013 Original budget	Adjustment	2013 Adjusted budget	2013 Variance	2013 Actual as % of final budget	Explanation of Significant Variances greater than 10% versus Budget
Effingham Funds	3,304,620	3,500,000	-	3,500,000	195,380	6%	

	2013 Actual	Original budget	Adjustment	Adjusted Budget	2013 Variance	2013 Actual as % of final budget	Explanation of Significant Variances greater than 10% versus Budget
Cash flows							
Net cash from (used) operating	20,437,212	10,416,219	2,030,799	12,447,018	7,990,194	64%	Note A
Net cash from (used) investing	(11,996,275)	(16,217,931)	-	(16,217,931)	4,221,656	(26%)	Note B
Net cash from (used) financing	1,093,925	(1,005,025)	-	(1,005,025)	2,098,950	(209%)	Note C
Cash/ cash equivalents at the beginning of year	31,861,635	29,855,839	-	29,855,839	2,005,796	7%	
Cash/ cash equivalents at the year end	41,396,497	23,049,102	2,030,799	25,079,901	16,316,596	65%	

NOTES

Note A	Variance is due to actual trade payable increase being more significant than the budget.
Note B	Effingham spend was budgeted higher than actual spend
Note C	Due to interest received from investments.

ACTUAL VS BUDGET PPE (CONT)	2012 Actual	Original budget	Adjustment	Adjusted Budget	2012 Variance	2012 Actual as % of final budget	Explanation of Significant Variances greater than 10% versus Budget
Effingham Funds	3,334,144	3,500,000	-	3,500,000	165,856	5%	

DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED: ACTUAL VERSUS BUDGET CASH FLOW FOR THE YEAR ENDED 30 JUNE 2012

	2012 Actual	Original budget	Adjustment	Adjusted Budget	2012 Variance	2012 Actual as % of final budget	Explanation of Significant Variances greater than 10% versus Budget
Cash flows							
Net cash from (used) operating	1,871,679	6,138,924	-	6,138,924	(4,267,245)	(69%)	Note A
Net cash from (used) investing	(8,322,591)	(5,333,400)	400,000	(4,933,400)	(3,389,191)	69%	Note B
Net cash from (used) financing	895,937	(1,035,830)	-	(1,035,830)	1,931,676	186%	Note C
Cash/ cash equivalents at the beginning of year	37,416,610	34,000,000	-	34,000,000	3,416,610	(10%)	
Cash/ cash equivalents at the year end	31,861,635	33,769,694	400,000	34,169,694	(2,308,059)	(7%)	

NOTES

Note A	Variance is due to actual trade payable decrease being more significant than the budget.
Note B	Effingham spend was not budgeted for.
Note C	Cash opening balance was budgeted at R 3mill as cash was projected to be utilized on working capital.

Durban Marine Theme Park (Pty) Ltd

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Appendix A: Detailed Income Statement

Figures in Rand	Note	2013	2012
Merchandising revenue		7,298,040	5,758,516
Ticketing revenue		83,687,970	76,019,454
Village walk rental revenue		22,096,257	21,732,597
Sponsorship revenue		2,486,596	2,539,170
Parking revenue		4,233,498	3,055,092
Food and beverage revenue		31,744,084	30,947,226
Functions and events revenue		12,184,878	7,750,708
Total Revenue From Exchange Transactions		163,731,323	147,802,763
Cost of sales		(20,669,724)	(18,599,967)
Gross surplus		143,061,599	129,202,796
Photographic opportunities		1,415,452	1,290,433
Sundry revenue		143,263	158,122
Insurance proceeds		1,754,386	
Umbrella hire		221,719	222,114
Tattoo sales		80,875	144,887
Birthday parties		700,742	516,674
Bambino rentals		346,701	351,952
Lounger hire		138,263	114,991
SETA revenue		268,647	334,540
Bad debt recoveries		220,000	
Other income		5,290,048	3,133,713
Employee costs	19	(64,462,746)	(57,969,965)
Management fees		(6,284,917)	(6,786,609)
Depreciation and amortisation	20	(36,391,777)	(35,043,010)
Impairment loss - Assets		(86,070)	
Impairment loss - Inventory		(350,000)	
Debt impairment		(78,082)	(247,309)
Bad debts written off			(99,515)
Repairs and maintenance		(7,837,599)	(7,115,408)
Contracted services	22	(3,366,659)	(3,169,146)
General expenses	23	(52,603,364)	(55,312,824)
Loss on disposal of assets		(745,653)	(819,377)
Operating expenses		(172,206,867)	(166,563,163)
Operating deficit		(23,855,220)	(34,226,654)
Investment revenue	18	2,078,719	1,947,700
Finance costs	21	(9,182,796)	(8,505,603)
Deficit for the year		(30,959,297)	(40,784,557)

APPENDIX B (UNAUDITED)
DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2013

	Accumulated Depreciation					Carrying Value			
	Opening Balance	Additions	Disposals/ Impairments	Closing Balance	Current Year		Disposals	Closing Balance	
Land & Buildings	1,081,415	542,773		1,624,188	126,398	142,171		268,569	1,355,619
Airconditioning	413,168,059	2,693,650	70,998	415,790,711	106,100,772	13,984,158	11,959	120,072,971	295,717,740
Buildings	11,060,548			11,060,548	2,002,538	245,790		2,248,328	8,812,220
Cables	11,307,439			11,307,439	2,038,539	251,277		2,289,816	9,017,623
Distribution Device	12,712,913			12,712,913	7,773,362	969,296		8,742,658	3,970,255
Electrical Panels	64,286			64,286	9,068	12,857		21,925	42,361
Doors and Gates	20,710,522			20,710,522				0	20,710,522
Land	21,766,105			21,766,105	8,824,129	1,088,305		9,912,434	11,853,671
Piping	14,642			14,642	4,616	2,440		7,056	7,586
Shopfitting	23,419			23,419	870	2,342		3,212	20,207
Theming	16,869		8,184	8,685	3,383	3,347	3,250	3,480	5,205
Thatching	3,827,634			3,827,634	1,409,969	172,649		1,582,618	2,245,016
Transformers	495,753,851	3,236,423	79,182	498,911,092	128,293,644	16,874,632	15,209	145,153,067	353,758,025
Plant & Machinery		261,445		261,445		12,673		12,673	248,772
Airconditioning	552,988			552,988	451,607	55,299		506,906	46,082
Generators	97,418,219	3,873,753	834,541	100,457,431	76,247,243	9,569,363	667,645	85,148,961	15,308,470
Plant & Machinery	97,971,207	4,135,198	834,541	101,271,864	76,698,850	9,637,335	667,645	85,668,540	15,603,324
Motor Vehicles									
	1,603,184	193,970	86,070	1,711,084	582,190	154,827		737,017	974,067
Biological Assets	35,600			35,600	504	502		1,006	34,594
Capital Work In Progress	131,007	458,565		589,572					589,572
Total Carried Forward	595,494,849	8,024,156	999,793	602,519,212	205,575,188	26,667,296	682,854	231,559,630	370,959,582

	Accumulated Depreciation					Carrying Value			
	Opening Balance	Additions	Disposals/ Impairments	Closing Balance	Opening Balance		Current Year	Disposals	Closing Balance
Total brought forward	595,494,849	8,024,156	999,793	602,519,212	205,575,188	26,667,296	682,854	231,559,630	370,959,582
Furniture, Fitting & Equipment									
Airconditioning	24,869			24,869	1,098	2,486		3,584	21,285
Buildings	45,000			45,000	21	7,500		7,521	37,479
Cables	18,050	26,226		44,276	8	3,296		3,304	40,972
CCTV Cameras	2,582,063	137,251	360,774	2,358,540	1,148,414	441,189	360,273	1,229,330	1,129,210
Computer Hardware	6,039,373	1,252,852	925,150	6,367,075	3,167,641	1,228,152	877,686	3,518,107	2,848,968
Electric Panels	1,348,437		42,523	1,305,914	1,913	272,836	6,840	267,909	1,038,005
Equipment	21,321,608	411,441	1,003,699	20,729,350	11,051,043	3,233,391	749,259	13,535,175	7,194,175
Furn & Fittings	1,573,795	1,094,986	50,388	2,618,393	406,884	231,684	12,232	626,336	1,992,057
Furniture	5,230,251	139,910	90,916	5,279,245	2,432,575	548,522	62,647	2,918,450	2,360,795
Doors and Gates	62,722			62,722	44,824	8,960		53,784	8,938
Generators	228,000			228,000	37	18,893		18,930	209,070
Piping	25,354	153,962	5,255	174,061	145	6,664	650	6,159	167,902
Signage	1,287,611	312,495	79,098	1,521,008	226,726	252,766	26,583	452,909	1,068,099
Shopfitting	1,086,689		68,686	1,018,003	723,456	119,341	68,686	774,111	243,892
Telephone Equipment	242,795		30,358	212,437	145,571	36,583	30,101	152,053	60,384
Theming	992,777	139,479	32,597	1,099,659	271,056	104,541	7,544	368,053	731,606
Turnstiles	565,459			565,459	162,325	56,546		218,871	346,588
Expanda Cage	71,764			71,764	61,974	7,974		69,948	1,816
	42,746,617	3,668,602	2,689,444	43,725,775	19,845,711	6,581,324	2,202,501	24,224,534	19,501,241
Total (Property, Plant & Equipment)									
Total (Intangible Assets)	638,241,466	11,692,758	3,689,237	646,244,987	225,420,899	33,248,620	2,885,355	255,784,164	390,460,823
Computer Software									
Investment Property	1,642,625	303,517	9,890	1,936,252	572,351	381,950	9,890	944,411	991,841
Airconditioning	1,126,159		210,797	915,362	756,858	104,401	182,955	678,304	237,058
Buildings	649,222			649,222	150,177	21,640		171,817	477,405
Investment Property	89,319,073			89,319,073	16,952,330	2,621,870		19,574,200	69,744,873
Shopfitting	106,370			106,370	65,552	13,296		78,848	27,522
	91,200,824	0	210,797	90,990,027	17,924,917	2,761,207	182,955	20,503,169	70,486,858
Total	731,084,915	11,996,275	3,909,924	739,171,266	243,918,167	36,391,777	3,078,200	277,231,744	461,939,522

DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2012

	Accumulated Depreciation							Carrying Value	
	Opening Balance	Additions	Disposals/ Impairments	Closing Balance	Opening Balance	Current Year	Disposals		Closing Balance
Land & Buildings	1,081,415			1,081,415	18,286	108,112		126,398	955,017
Airconditioning	412,685,556	504,607	22,104	413,168,059	92,255,039	13,856,374	10,640	106,100,773	307,067,286
Buildings	11,060,548			11,060,548	1,756,749	245,790		2,002,539	9,058,009
Cables	11,307,439			11,307,439	1,787,262	251,277		2,038,539	9,268,900
Distribution Device	12,712,913			12,712,913	6,803,682	969,680		7,773,362	4,939,551
Electrical Panels		64,286		64,286		9,068		9,068	55,218
Doors and Gates	20,710,522			20,710,522				0	20,710,522
Land	21,766,105			21,766,105	7,735,823	1,088,305		8,824,128	12,941,977
Piping	16,141		1,500	14,641	2,395	2,691	470	4,616	10,025
Shopfitting		23,419		23,419		869		869	22,550
Theming	16,870			16,870	10	3,374		3,384	13,486
Thatching	3,827,634			3,827,634	1,237,319	172,649		1,409,968	2,417,666
Transformers	495,185,143	592,312	23,604	495,753,851	111,596,565	16,708,189	11,110	128,293,644	367,460,207
Plant & Machinery									
Generators	552,988			552,988	396,308	55,299		451,607	101,381
Plant & Machinery	99,034,002	583,385	2,199,168	97,418,219	68,545,015	9,513,392	1,811,164	76,247,243	21,170,976
	99,586,990	583,385	2,199,168	97,971,207	68,941,323	9,568,691	1,811,164	76,698,850	21,272,357
Motor Vehicles	1,603,184			1,603,184	397,663	184,527		582,190	1,020,994
Biological Assets	35,600			35,600	1	503		504	35,096
Capital Work In Progress		131,007		131,007					131,007
Total Carried Forward	596,410,917	1,306,704	2,222,772	595,494,849	180,935,552	26,461,910	1,822,274	205,575,188	389,919,661

	Accumulated Depreciation								Carrying Value
	Opening Balance	Additions	Disposals/ Impairments	Closing Balance	Opening Balance	Current Year	Disposals	Closing Balance	
Total brought forward	596,410,917	1,306,704	2,222,772	595,494,849	180,935,552	26,461,910	1,822,274	205,575,188	389,919,661
Furniture, Fitting & Equipment									
Airconditioning		24,869		24,869		1,098		1,098	23,771
Buildings		45,000		45,000		21		21	44,979
Cables		18,050		18,050		8		8	18,042
CCTV Cameras	2,946,238	129,325	493,500	2,582,063	1,219,707	418,550	489,846	1,148,411	1,433,652
Computer Hardware	6,802,839	1,291,595	2,055,061	6,039,373	4,238,964	947,839	2,019,161	3,167,642	2,871,731
Electric Panels		1,348,437		1,348,437		1,913		1,913	1,346,524
Equipment	21,477,607	1,892,185	2,048,184	21,321,608	9,805,024	3,034,937	1,788,917	11,051,044	10,270,564
Furn & Fittings	1,220,947	387,548	34,700	1,573,795	305,574	128,814	27,504	406,884	1,166,911
Furniture	5,089,531	479,261	338,541	5,230,251	2,148,062	509,225	224,713	2,432,574	2,797,677
Doors and Gates	62,722			62,722	35,865	8,960		44,825	17,897
Generators		228,000		228,000		37		37	227,963
Piping		25,354		25,354		145		145	25,209
Signage	658,115	707,460	77,964	1,287,611	93,201	161,541	28,015	226,727	1,060,884
Shopfitting	1,089,050	28,050	30,411	1,086,689	635,413	118,455	30,411	723,457	363,232
Telephone Equipment	684,627	10,839	452,671	242,795	562,169	36,073	452,671	145,571	97,224
Theming	864,281	128,495		992,776	177,885	93,170		271,055	721,721
Turnstiles	582,651		17,191	565,460	108,700	58,246	4,621	162,325	403,135
Expanda Cage	71,764			71,764	54,000	7,974		61,974	9,790
	41,550,372	6,744,468	5,548,223	42,746,617	19,384,564	5,527,006	5,065,859	19,845,711	22,900,906
Total (Property, Plant & Equipment)									
	637,961,289	8,051,172	7,770,995	638,241,466	200,320,116	31,988,916	6,888,133	225,420,899	412,820,567
Total (Intangible Assets)									
Computer Software	3,830,098	352,659	2,540,132	1,642,625	2,828,879	283,605	2,540,132	572,351	1,070,274
Investment Property									
Airconditioning	1,166,121		39,962	1,126,159	665,140	113,683	21,966	756,857	369,302
Buildings	649,222			649,222	128,537	21,640		150,177	499,045
Investment Property	89,319,073			89,319,073	14,330,461	2,621,870		16,952,331	72,366,742
Shopfitting	106,370			106,370	52,256	13,296		65,552	40,818
	91,240,786	0	39,962	91,200,824	15,176,394	2,770,489	21,966	17,924,917	73,275,907
Total	733,032,173	8,403,831	10,351,089	731,084,915	218,325,389	35,043,010	9,450,231	243,918,167	487,166,748

Volume Four

**Inkosi Albert Luthuli ICC (Pty) Ltd. Annual
Report Incl. Annual Financial Statements
2012/2013**



2013 ANNUAL REPORT



DURBAN ICC

INTERNATIONAL CONVENTION CENTRE
INKOSI ALBERT LUTHULI ICC COMPLEX
SOUTH AFRICA



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(1) Introduction to the Durban International Convention Centre



The 2012/2013 fiscal was a successful year in many respects for the Durban International Convention Centre. The company achieved a strong set of financial results and continued to deliver significant economic and social benefits to the city of Durban and the KwaZulu-Natal province. During the period under review, the Durban ICC celebrated 15 years of successful operation and was honoured by many for the pioneering role which it has played in the country's business tourism industry.

The Centre was privileged to host a number of high-profile events and showcase the city to thousands of international visitors over the past year. The Durban ICC also secured a number of major international conferences for the years ahead and continued to establish its position in the global convention industry.

In addition to these achievements, the Centre also made impressive strides in other important areas of social responsibility and transformation. The company showed a significant improvement in its Broad-Based Black Economic Empowerment status and demonstrated its ongoing commitment to skills development through its Student and Graduate Programmes.

The past year also saw the Durban ICC maintain its international quality standards in accordance with its ISO certifications and five-star grading and was voted Africa's Leading Meetings and Conference Centre by the World Travel Awards for the eleventh time.

(2) Board of Directors & Executive Team

The Durban ICC board of directors and executive management have both contributed significantly to the ICC's achievements during the 2013 financial year.

Board of Directors



Ms Mato Madlala
– Chairperson



Ms Bulelwa
Ndamase-Paledi



Mr Themba
Ngcobo



Ms Linda
Pampallis



Mr John
van Rooyen



Mr Ashok
Sewnarain

Executive Management Team

Ms Julie-May Ellingson TRP (SA) – Chief Executive Officer

Mr Jeremy Hurter CA (SA) – Financial Director

Mr John Moatshe – Executive Chef

Ms Mala Dorasamy – Acting Marketing, Sales & Events Director

Ms Nicolette Elia-Beissel – Operations Director



(3) Chairperson's Review



“My hope is that other organisations in our city and province will be challenged and inspired to follow the example that the Durban ICC has set in this regard”

- Mato Madlala commenting on the ICC's improvement in B-BBEE rating

The Durban ICC has once again exceeded all expectations in this past financial year. Despite the current challenging economic environment, the Centre has managed to exceed the annual budgeted turnover and effectively control expenditure. It is commendable that the management team has managed to achieve these results without compromising on its commitment to international standards and customer service.

During the past twelve months, the Durban ICC has contributed significantly to the country and KwaZulu-Natal's Gross Domestic Product, job creation and transformation objectives. The marked improvement in the Centre's Broad-Based Black Economic Empowerment rating from a Level 7 to a Level 3 Contributor demonstrates the company's commitment to transformation and empowerment in South Africa. My hope is that other organisations in our city and province will be challenged and inspired to follow the example that the Durban ICC has set in this regard.

The new graduate and revised student programmes are a clear indication of the company's commitment to investing in the lives of young people. These programmes not only impart much-needed skills, but their success also instils hope and confidence in the future of South Africa's hospitality industry.

My congratulations must be expressed to the management team as the Durban ICC was once again honoured as “Africa's Leading Meetings and Conference Centre” by the World Travel Awards in 2012. The Centre has won this prestigious award eleven times in the twelve year history of the award, an achievement which sets this facility apart from its competition throughout the country and continent.

I would like to express my appreciation to my fellow board members and our shareholders for their support and guidance throughout the past year. With your ongoing commitment, we will endeavour to deliver on our mandate with excellence in the forthcoming year.

A handwritten signature in dark ink, appearing to read 'M. Madlala', written over a horizontal line.

Mato Madlala
Chairperson



(4) *Introduction by the CEO*

4.1 Performance Overview

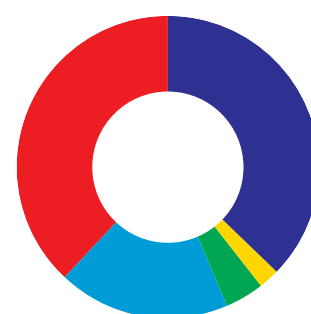
During the 2013 financial year, the Durban ICC produced a Revenue figure of R157.9-million, which was 19% above the targeted budget of R132-million. In addition, the Gross Profit Percentage improved from 61% to 67% and the company achieved a Net Profit before taxation of R45-million through strong revenues and effective cost control throughout the company.

In terms of Revenue contribution from the major market segments, this financial year saw a return to a more balanced contribution from last year's imbalanced dominance from the Government meetings market. The company enjoyed good support from the Corporate market which saw robust growth in this period, demonstrated by the number of corporate events growing from 130 in previous year to 160 such events in this fiscal. Support from the Government segment, which constituted 37.3% of the total revenue figure, was roughly on par with the contribution made by the Corporate segment at 37.8%. The contribution made by the Association segment also grew steadily from 17.1% in 2012 to 18.4% in 2013.

Last year's tight control over the direct and indirect costs of the Centre continued throughout this financial year and Operating Expenditure was successfully contained to 15% below budget. This, in turn, contributed to an Operating Profit percentage of 12% which is a pleasing return on investment to the Durban ICC stakeholders.

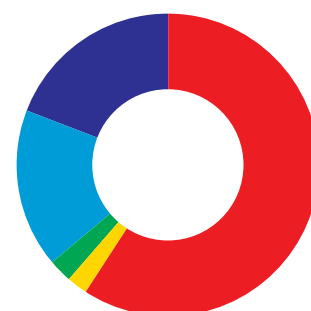
Market Segment	Contribution by Market Segment (Previous Year)	Contribution by Market Segment 2012/2013
Association	17.1%	18.4%
Corporate	19.0%	37.8%
Government	59.5%	37.3%
Private Functions	2.2%	2.4%
Other Revenue	2.3%	4.1%
Total	100.0%	100.0%

Contribution by Market Segment (2012/2013)



- 37.8% Corporate
- 37.3% Government
- 18.4% Association
- 4.1% Other Revenue
- 2.4% Private Functions

Contribution by Market Segment (Previous Year)



- 19% Corporate
- 59.5% Government
- 17.1% Association
- 2.3% Other Revenue
- 2.2% Private Functions



4.2 Economic Contribution

The Durban ICC generated a total of 1 251 413 delegate and visitor days in Durban during the past year, of which approximately 36% were generated by international visitors. This resulted in the company contributing R2.94bn to national GDP and R2.73bn to KwaZulu-Natal GGP.

From an employment perspective, a total of 7 670 people were employed as a result of the Durban ICC's activities. Other social and economic benefits to the country were the contribution of R268-million in tax revenue and the creation of R1.49-billion in indirect household income. Additionally, the Centre's contribution to South Africa's net foreign exchange earnings amounted to R566-million in the period.

4.3 Celebrating 15 Years of Excellence

The past financial year saw the Durban ICC celebrate 15 years of successful operation. A Gala Dinner was hosted at the centre to commemorate this anniversary. The event provided an opportunity to look back over some of the highlights of the Centre's history and to thank our clients for their support over the years.

The event also provided an opportunity to showcase the capabilities of the Centre and treat our clients to some of the best entertainment Durban has to offer. Performances were enjoyed on the evening from South African Idols winner, Khaya Mthethwa, the Flatfoot Dance Company and the Durban Gospel Choir. We are grateful to all our board members, staff, clients, suppliers and stakeholders who have contributed to the success of the Durban ICC since its inception.

4.4 Broad-Based Black Economic Empowerment

We are pleased to report that the company has made a significant improvement in its Broad-Based Black Economic Empowerment status (B-BBEE) during the period under review. The Durban ICC achieved a 71% improvement in its B-BBEE Procurement Recognition level, moving from a Level 7 contributor to Level 3 contributor. This improvement is a reflection of the company's on-going commitment to transformation and empowerment.

4.5 Investing in our People

The Durban ICC once again demonstrated its commitment to investing in the lives of young people through its Graduate Programme and its completely restructured Student Programme.

Over the past fiscal year, six graduates were employed in the Centre's culinary department where they were introduced to the rigors of a working kitchen under the guidance of our experienced chefs.

The Durban ICC had eight students enrolled in the Student Programme, with the Culinary and Operations departments each receiving four students to train. The curriculum was designed to give the students a firm grounding in every area of their chosen field by rotating every few weeks between the various areas of operation.

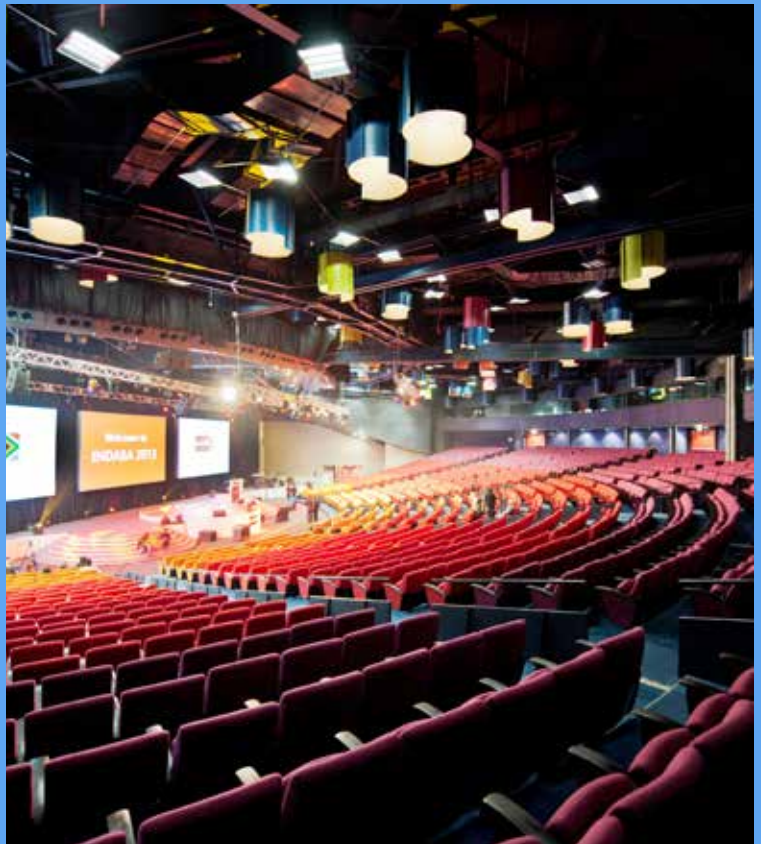
In addition to these initiatives, the company also completed 300 Training Days during the year against a target of 150 days and supported two staff members to earn their diplomas through its ongoing Study Programme.

4.6 Reinvesting in our Assets

The company is committed to keeping the Durban ICC at a world-class standard at all times. During the course of the year we embarked on a number of significant capital expenditure projects to improve the Durban ICC facilities.

The Centre operates a main kitchen and 16 satellite kitchens enabling it to service multiple venues simultaneously and serve up to 4,000 banquet guests at once. During the period under review, we completed a full upgrade of our main kitchen facility. Improvements included the creation of a climate-controlled goods receiving area, installation of a new floor surface as well as the expansion of the cold holding storage facilities.

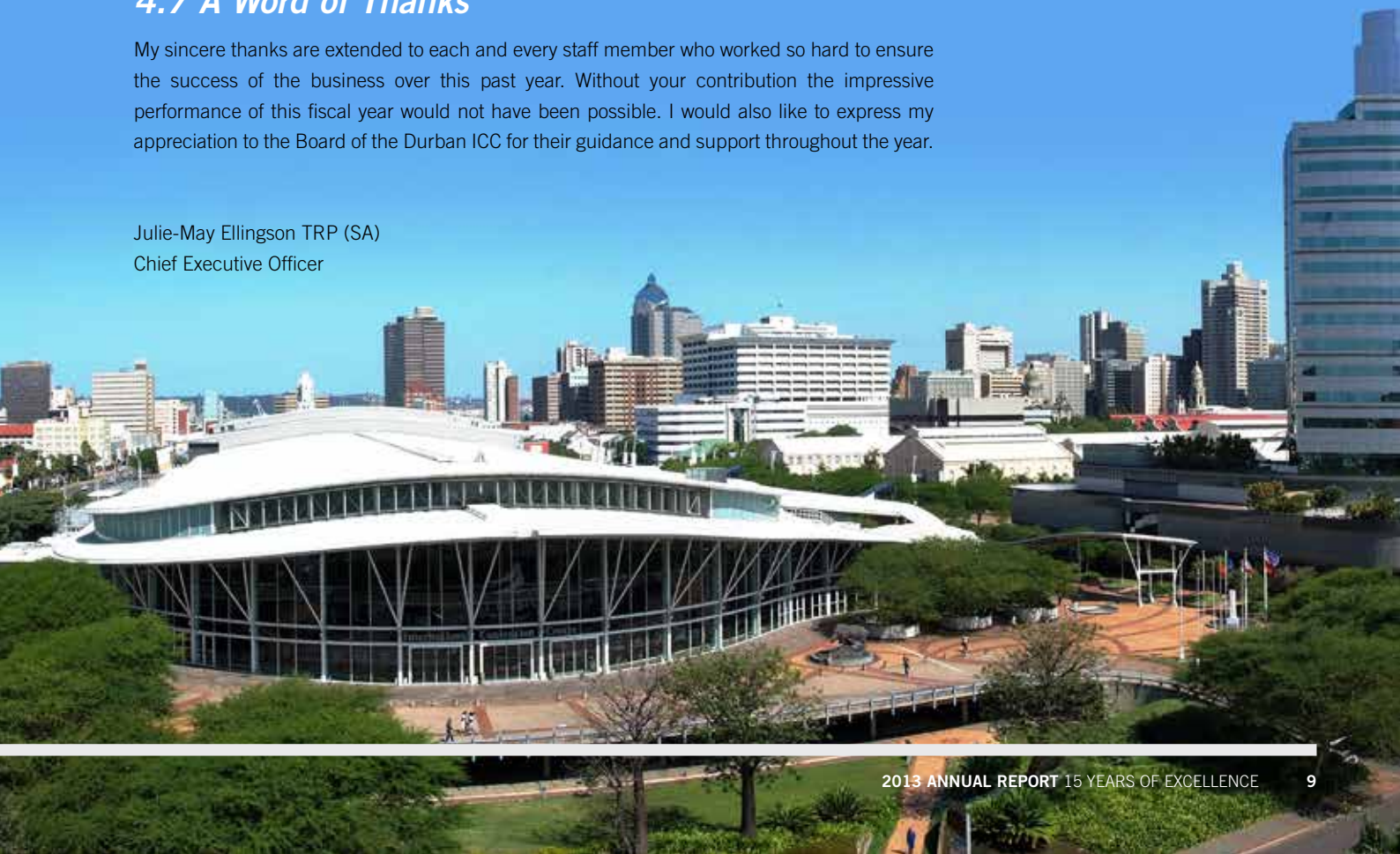
We have also upgraded the operable walls which give the Centre its flexibility and allow multiple configurations in the Hall 1 auditorium. Over the next year we will begin phase 2 of the Hall 1 upgrade which includes complete refurbishment of the tribune seating as well as an upgrade of the Audio-Visual equipment in hospitality suites and meeting rooms and phase 1 of the ablution upgrades. Much work still needs to be done and the upgrade of our facilities will continue to be a key focus in the coming years to ensure that the Durban ICC and Exhibition Centre remain competitive in the market and attractive to our clients.



4.7 A Word of Thanks

My sincere thanks are extended to each and every staff member who worked so hard to ensure the success of the business over this past year. Without your contribution the impressive performance of this fiscal year would not have been possible. I would also like to express my appreciation to the Board of the Durban ICC for their guidance and support throughout the year.

Julie-May Ellingson TRP (SA)
Chief Executive Officer





During the past financial year, the Durban ICC continued to contribute significantly to both the provincial and national economies. For the last seven consecutive years, a detailed study of the Centre's economic impact has been conducted by independent researchers, Strategic Economic Solutions. The study reports on the impact of the Centre's activities on key economic indicators such as its contribution to Gross Domestic Product, job creation and the generation of tax revenue.

It is clear from the figures detailed below that the Durban ICC continued to deliver effectively on its mandate to generate positive economic impact for the country

(5) Macroeconomic Contribution

5.1 Highlights of the Durban ICC's Economic Impact

Key Economic Indicators	Target	Actual
Contribution to GDP	R 2.7-billion	R 2.94-billion
Total Delegate and Visitor Days	1 450 000	1 251 413
Jobs Created	7 900	7 670

Other Economic Indicators	Contribution
Contribution to KwaZulu-Natal's GGP	R 2.73-billion
Contribution to Indirect Household Income	R 1.49-billion
Net Foreign Exchange Earnings	R 566-million

5.2 Durban ICC's Macroeconomic Contribution for the 2013 Financial Year

	GDP (R m)	KZN GGP (R m)	Direct KZN Jobs	Indirect SA Jobs	Indirect Taxes	Indirect Household Income (R m)
Durban ICC Capital Expenditure	22	18	29	31	2	12
Durban ICC Operational Expenditure	38	43	54	52	5	19
Host / Organiser Expenditure	43	51	25	63	5	23
Exhibitor Expenditure	324	297	105	418	31	163
Delegate Expenditure	1 657	1 600	2 205	2 587	146	840
Sub-Total	2 085	2 010	2 417	3 151	189	1 057
Induced Tourism	855	715	866	1 235	79	430
Total Contribution 2013	2 940	2 725	3 283	4 387	268	1 487
Total Contribution 2012	3 113	2 976	4 046	5 281	277	1 578

“
The Durban
ICC has made
a cumulative
contribution
to GDP of
R17.4-billion
since 2007.”

5.3 Contribution to Provincial and National Economies

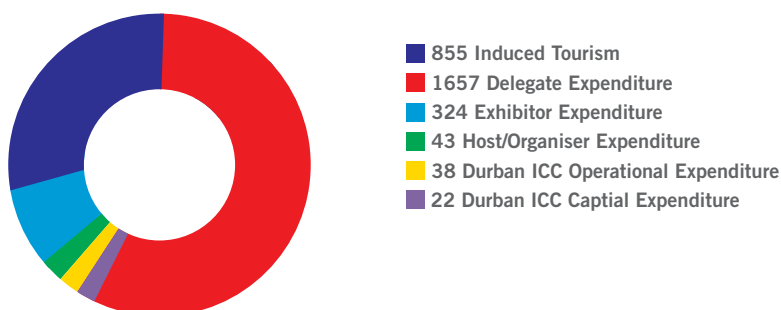
During the past financial year, the Centre contributed R2.94-billion to South Africa's GDP.

It is clear that delegate expenditure is the largest contributor to GDP, followed by induced tourism and then exhibitor spending. Although the total of delegate expenditure in 2013 has decreased from 2012's record high, the contribution is but similar to that of 2010 and 2011. The contribution of Induced Tourism has grown steadily since 2008 and whilst Exhibitor expenditure declined from 2010 to 2012, it showed an increase in 2013.

The Durban ICC has made a cumulative contribution to GDP of R17.4-billion since 2007.

Rand Million	Financial Years						
	2007	2008	2009	2010	2011	2012	2013
Durban ICC Capital Expenditure	272	75	7	9	3	39	22
Durban ICC Operational Expenditure	36	15	23	34	40	44	38
Host/Organiser Expenditure	12	18	33	49	51	53	43
Exhibitor Expenditure	208	248	348	364	245	197	324
Delegate Expenditure	1100	1167	1553	1690	1711	2044	1657
Induced Tourism	310	260	407	441	654	736	855
Total Contribution 2013	1937	1783	2371	2587	2705	3113	2940

Detailed Contribution to South Africa's GDP in 2013 in R'millions



On a provincial level, the Durban ICC contributed R2.73-billion to the Gross Geographic Product (GGP) of KwaZulu-Natal in 2013, bringing the cumulative economic contribution to R16.3-billion since 2007.





5.5 Job Creation

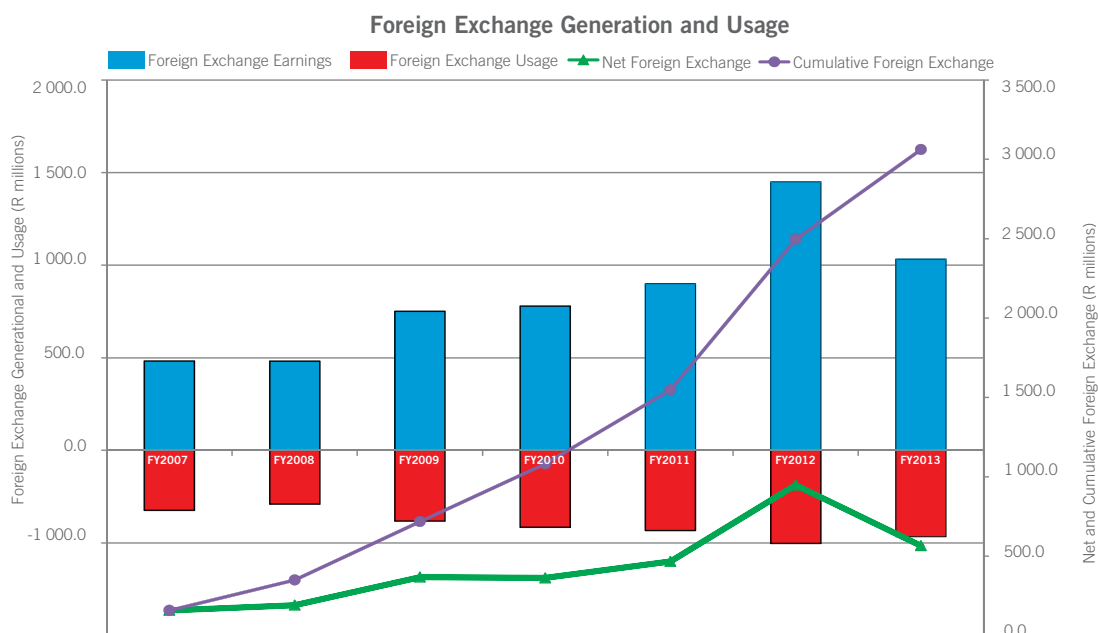
From an employment perspective, a total of 7 670 people were employed as a result of the Durban ICC's activities. In 2013, 3 283 people were employed directly in KwaZulu-Natal province and a further 4 387 people were employed indirectly throughout the country as a result of spending associated with the Centre.

5.6 Other Macroeconomic Benefits

During the past year, the Durban ICC also made other significant contribution in the following key economic indicators:

- Indirect Household Income – The Durban ICC contributed R1.48-billion to the country's indirect household income. The cumulative contribution which the Centre has made over the past seven years amounts to R8.84-billion.
- Tax Revenue Generation – A total of R268-million in tax revenue was generated by the Durban ICC in 2013. Since 2007, activities associated with the Durban ICC have cumulatively contributed R1.58-billion to taxes.
- Net Foreign Exchange Earnings – The Durban ICC was both a generator and a user of Foreign Exchange over the past financial year. The net foreign exchange earnings (generation less usage) totalled R566-million in 2013. Cumulatively, the activities of the Durban ICC have generated R3.06-billion in net foreign exchange earnings since 2007.

7670 people were employed directly and indirectly as a result of the Durban ICC's activities.



5.7 Delegate Visitor and Tourist Days

The Durban ICC contributes in part to the provincial and national economies by attracting local and foreign visitors to the country for the events it hosts. The Centre generated a total of 1 251 413 delegate and visitor days in Durban during 2013, of which approximately 36% were generated by international visitors.

Total Days Generated By:	Financial Years						
	2007	2008	2009	2010	2011	2012	2013
Congresses							
KwaZulu-Natal	38,149	7,551	17,008	24,359	16,204	28,143	20,569
Rest of SA	56,957	24,356	20,121	85,519	39,966	49,899	47,991
International	12,480	14,335	39,511	38,753	22,856	216,351	34,892
Total Days	107,586	46,242	76,640	148,631	79,026	294,393	103,452
Exhibitions and Other Events							
KwaZulu-Natal	329,737	339,950	390,434	358,527	360,118	348,021	341,628
Rest of SA	388,339	400,367	475,168	459,323	492,268	425,906	392,898
International	403,286	415,777	493,456	476,281	501,454	447,888	413,435
Total Days	1,121,362	1,156,094	1,359,058	1,294,130	1,353,840	1,221,815	1,147,961
Total All Events							
KwaZulu-Natal	367,886	347,501	407,442	382,886	376,322	376,164	362,197
Rest of SA	445,296	424,723	495,289	544,842	532,234	475,805	440,889
International	415,766	430,112	532,967	515,034	524,310	664,239	448,327
Total Delegate Days	1,228,948	1,202,336	1,435,698	1,442,760	1,432,866	1,516,208	1,251,413
International Tourist Days	217,501	164,225	232,872	231,056	330,873	396,055	432,077
Total International Visitor Days	633,266	594,337	765,840	746,089	855,183	1,060,293	880,405



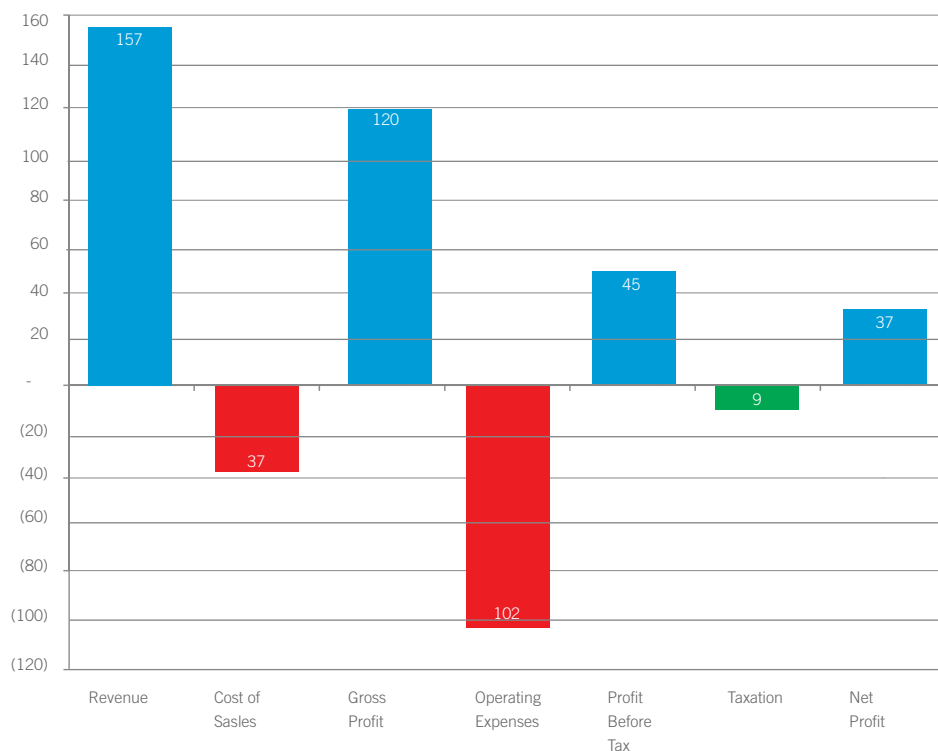


(6) Financial Performance Highlights

After the extraordinary results delivered in 2012, the Durban International Convention Centre has continued to show its strength in the market with yet another year of impressive financial performance. The Durban ICC produced an outstanding revenue figure of R157-million and a profit before tax of R45-million, once again making it the best performing convention centre in the country. The company also contained expenditure to 15% below budget resulting in a R13-million saving, despite rising strong inflationary pressure.

Despite the challenging economic environment, the company has worked hard to secure good quality events this year as well as sustainable business for the years ahead. These solid results were attained by achieving above-target revenues and effectively controlling costs at all levels of the company.

2013 Financial Performance Highlights (R million)



Highlights of the 2012/2013 Financial Year

Revenue	R 157-million
Operating Expenditure	(R102-million)
Profit before taxation	R45-million
Net Profit for the year	R37-million

The Centre once again invested heavily in the training and development of its staff with 300 training days completed, exceeding the target of 150 days by 100%. The sharing of knowledge and expertise was also supported via international exchange programmes and staff attendance at key industry conferences.

Revenue
R157 Million

In terms of procurement activities, the company showed a marked improvement in its Gross Profit Percentage moving from 61% in 2012 to 76% in 2013. It is clear from these results that the company yielded a solid return on investment in the past fiscal year.

The Durban ICC continued to look at ways of open, transparent procurement in line with the applicable laws and regulations. There has been good response this year to the Request for Quotations published on our website. In addition, the annual Supplier Open Day held on the 23rd April 2013 was extremely well attended, which has further opened the doors to more emerging enterprises.

R45 Million
profit before Tax



(7) Durban ICC Highlights for the Period Under Review

In the face of challenging national and international economic conditions the Durban ICC has remained profitable and delivered admirably on its key economic and performance indicators. During the 2013 fiscal we were able to record the following achievements:

- The Durban ICC exceeded its Revenue Target by 19% achieving a Revenue figure of R157-million, generating a Net Profit of R35-million.
- The Centre's contribution to Gross Domestic Product was R2.94-billion and contributed R2.73-billion to KwaZulu-Natal's Gross Geographic Product in 2013.
- The Durban ICC won 10 International Bids during the financial year, including the prestigious World Routes Development Forum 2015, 21st World AIDS Conference in 2016 and the International Congress of Clinical Chemistry and Laboratory Medicine in 2017.
- Durban and the Durban ICC hosted the 5th BRICS Summit in March 2013 which saw the establishment of the BRICS Development Bank as well as the BRICS Business Council.
- The company dramatically improved its Broad-Based Black Economic Empowerment rating from a Level 7 contributor to a Level 3 contributor.
- The Centre was named "Africa's Leading Meetings and Convention Centre" for the eleventh time in twelve years by the World Travel Awards.
- Durban ICC maintained its ISO9001, ISO14001, ISO22000 and SANS10330 HACCP certifications.
- Durban ICC maintained its 5 Star Grading with the Tourism Grading Council of South Africa.
- Once again, the team rose to the occasion and continued to deliver many successful events for both new and repeat clients.



(8) *Celebrating 15 Years of Excellence*

During the 2013 financial year, the Durban ICC celebrated its 15th year of operation. In this time, the Centre has hosted some of the world's largest and most prestigious events. It has also been privileged to welcome kings, queens, presidents, Heads of State and captains of industry through its doors.

To commemorate this anniversary, the Durban ICC held a glamorous Gala Dinner for its valued clients, suppliers and other stakeholders on the 16th November 2012. The event provided an opportunity to look back over some of the highlights of the Centre's history and to showcase its current levels of five-star hospitality to the invited guests.

From the immaculate décor to the professional audio-visual and pyrotechnics displays, every aspect of the event reaffirmed why the Durban ICC has become synonymous with world-class event hosting. Guests were treated to a sumptuous five-course menu, beautifully prepared and presented by the centre's culinary and service teams.

Interspersed with the video recollections of the Centre's historic milestones were live performances from many of Durban's best entertainers. The audience was treated to performances from the Durban Gospel Choir and the Flatfoot Dance Company before being enthralled by Kerry Wood's rendition of Viva La Vida sung whilst suspended and swinging from a trapeze. The evening built to a crescendo when South African Idols winner, Khaya Mthethwa emerged from the stage's hidden trapdoor to perform some of his most popular hits.



8.1 A Trip Down Memory Lane

The 15th Birthday celebration was the ideal time to look back on the Durban ICC's proud history and remember some of the landmarks which have brought us to this place.

The story started in 1992 when Operation Jumpstart (a collaborative body to kick-start development comprising role-players from all sectors of the community) launched the Durban ICC project. The city council approved the proposal to build an ambitious state-of-the-art multi-purpose convention Centre and the first phase of the development of the Durban International Convention Centre commenced. By August 1997, the first phase of the Durban ICC was complete and the Centre was officially opened by Former President Nelson Mandela. As he cut the symbolic ribbon, he remarked: "In constructing this magnificent new International Convention Centre, the people of Durban have shown foresight, determination and initiative. They combined enterprise with a boldness unique to this province to create something that all South Africa can be proud of."

From 1996 to 2002, Australian-born Peter Brokenshire was appointed the Chief Executive Officer and during this time the Centre notably hosted the 12th Non-Aligned Movement Summit in 1998 and the Commonwealth Heads of Government Meeting in 1999.

After hosting the city's grand millennium celebrations in July 2000, the Durban ICC hosted the globally significant 13th International AIDS Conference attended by 13,000 global delegates.

Following the success of the AIDS Conference, the Durban ICC became the largest conference and exhibition facility in Africa when it took over the management of the Durban Exhibition Centre in October 2000.

In 2002 CEO Peter Brokenshire handed over the reins to Alec Gilbert. During his tenure, he oversaw the expansion of the Durban ICC in order to cater for the growing demand for the Centre. The opening of the Durban ICC Arena in March 2007 transformed the Centre into the largest flat floor, column free exhibitions and meetings space in Africa.

During this time of growth and expansion, Miller Matola was appointed the new CEO in 2007. The full Durban ICC complex was renamed the Inkosi Albert Luthuli International Convention Centre Complex, in remembrance of the former Nobel Peace Prize Laureate and former President of the African National Congress.

In 2011, Julie-May Ellingson was appointed Durban ICC Chief Executive Officer. Under her leadership, the capabilities of the Centre were proved in November of 2011 when the 17th Conference of Parties of the United Nations Framework Convention on Climate Change, known as COP17/CMP7, took place in Durban. COP17 and its affiliated activities involved over 15,000 participants and some 2,500 individual meetings and was one of the most far-reaching, high-profile initiatives ever to be hosted by the City of Durban.

Over the past seven years, the Durban ICC has made a cumulative contribution to the national economy of R17.4-billion. The Durban ICC has also contributed significantly to the economy of Durban over the past fifteen years, contributing R2.94-billion to the gross domestic product of KwaZulu-Natal during the 2013 financial year.

It is clear that the Centre has delivered on the lofty hopes and dreams that so many held for it from the beginning. Since its inception, the Durban ICC has led the way for the country's convention industry and pioneered South Africa's ability to attract international events to its shores.

**“
In constructing
this magnificent
new International
Convention Centre,
the people of Durban
have shown foresight,
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combined enterprise
with a boldness
unique to this
province to create
something that all
South Africa can
be proud of.”** Former
President Nelson Mandela





Message from Datuk Peter Brokenshire

“ I am delighted to be able to add my congratulations on the occasion of the 15th anniversary of the opening of the Durban ICC. This land-mark project was very important for not only Durban but indeed the whole of South Africa, as it was the first major project of its time.

A lot rested on its opening and the successful operation of the Centre. I have to say, that for me, I look back on my days in Durban with much happiness – and it was a privilege for me to be the first CEO of the Durban ICC. I take this opportunity to wish the Centre team and council all possible future success. Thank you ”

Datuk Peter Brokenshire
Former CEO of Durban ICC (1992 – 2002)

Message from Alec Gilbert

“ F ifteen years – what an occasion, what a success story and really quite a poignant time for me. As director of urban development for the city council, I wrote the first report motivating for the ICC. That was more than 20 years ago.

Thanks to the foresight of a handful of political leaders, the ICC became a reality. It was a tough sell: no budget, always travelling at the back of the plane, with no Centre and an unknown destination – armed with an atlas and artist's impression. But the rest is history!

Durban really established itself on the international market to the Durban ICC – it has lead the way and others have followed, and still continues to forge ahead.

As an unashamed Durbanite, I am very privileged to have had the opportunity to be part of the ICC story, and to have been associated with so many great people.

To the City and the province, key industry role players and a great ICC team, to Julie-May and the ICC team and to Durban, I similarly wish you all the best in celebrating your 15 years of success. Long may it continue. Happy Birthday ICC! ”

Alec Gilbert
Former CEO of the Durban ICC (2002 – 2007)

Message from Miller Matola

“ T he Durban ICC is a centre that has played a critical role in the positioning and profiling of South Africa as a world-class convention and business events destination.

Since its inception, it has done the country proud in terms of not only the events it has hosted, but also with its successive awards as the leading convention centre on the continent.

As the Durban ICC celebrates its 15th anniversary, we at Brand South Africa would like to take this opportunity to commend the management and staff on their role in positioning South Africa as an important brand and also on their contribution to business tourism growth in this country.

The economic contribution that the centre plays in the region is important as it addresses job creation, economic development and inequality. For these reasons we believe that the Durban ICC is one of those beacons of hope in positioning the country internationally. ”

Miller Matola
Former CEO of Durban ICC (2007 – 2010)

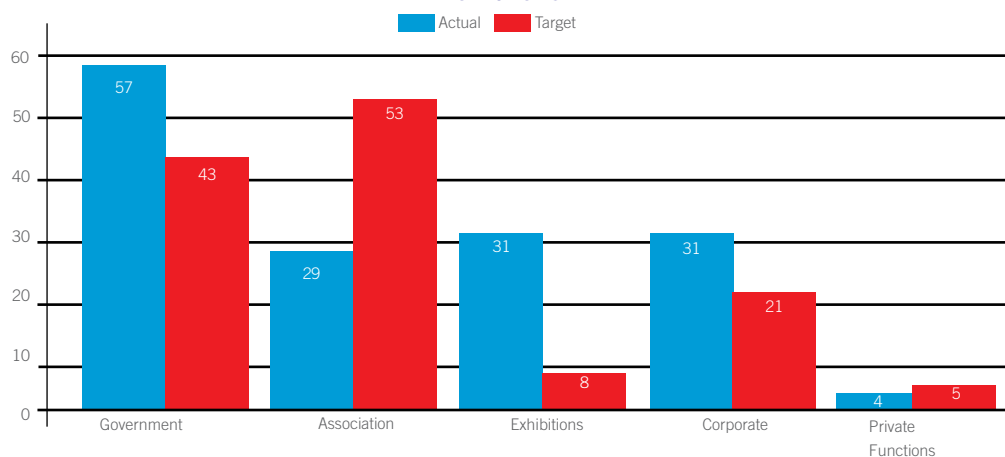


(9) Growing the Business

During the period under review the Durban ICC hosted a total of 355 events. Diligent research, business development and sales effort have culminated in the large number of international conferences hosted at the Centre in the past twelve months.

The number of international events more than doubled from the previous year's figure of 11 events to 25 events this year. In addition, 330 national events were also hosted over this period. There were 83 private events, 53 association events, 160 corporate and 59 government events.

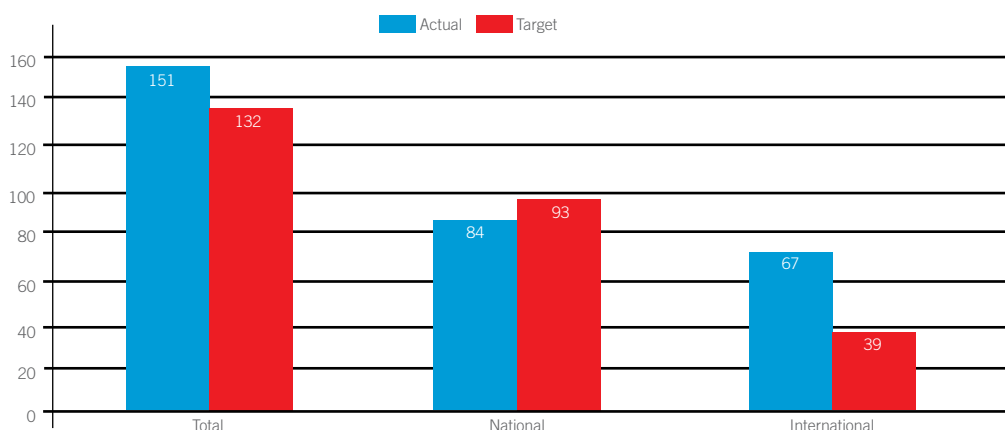
**Actual versus Target Revenue by Market Segment (R'million)
2012/2013**



The displacement effect of more international events meant that slightly fewer national events could be hosted in the same period and the revenue from national events ended 10% lower than target at R84-million. As a long-term goal, the hosting of more international events is preferable owing to the great economic impact which these events have on the city and province. The combined revenue from all events still ended 14% above target at R151-million.

Revenue generated from international events amounted to R67-million, 72% above the targeted figure of R39-million.

**Actual versus Target Revenue by National/International Events (R'million)
2012/2013**



9.1 Event Highlights

In the past twelve months, the Centre has been privileged to host a number of global events, many of which were hosted on African shores for the first time in history. These include the International Wildlife Management Conference 2012, the 9th World Soybean Research Conference, the 12th World Toilet Summit and the 18th WACE World Conference on Co-operative and Work-Integrated Education.

The Durban ICC was also honoured to host for the first time the 5th BRICS Summit and the 29th Public Services International Congress. Some of the other notable international events included the Public Services International Conference, the Orange Africa Cup of Nations Final Draw and the Travel Agents Federation of India – International Travel Convention 2013. The Centre also continued to attract international medical conferences including the 6th Southern African AIDS Conference, the Continental Congress of Dermatology and the Joint SAGES/SASES/SAGINS Gastroenterology and Endoscopic Congress.

Of the national conferences and events hosted some of the most prominent included the:

- Women in Agriculture Summit
- SITA GovTech Conference
- SA Council of Shopping Centres Congress
- SA National Conference on Orphans, Vulnerable Children and Youth
- Library and Information Association of South Africa
- 15th African Renaissance Conference
- SA Sugar Technologists Association Congress 2012
- SA Orthopaedic Association Congress

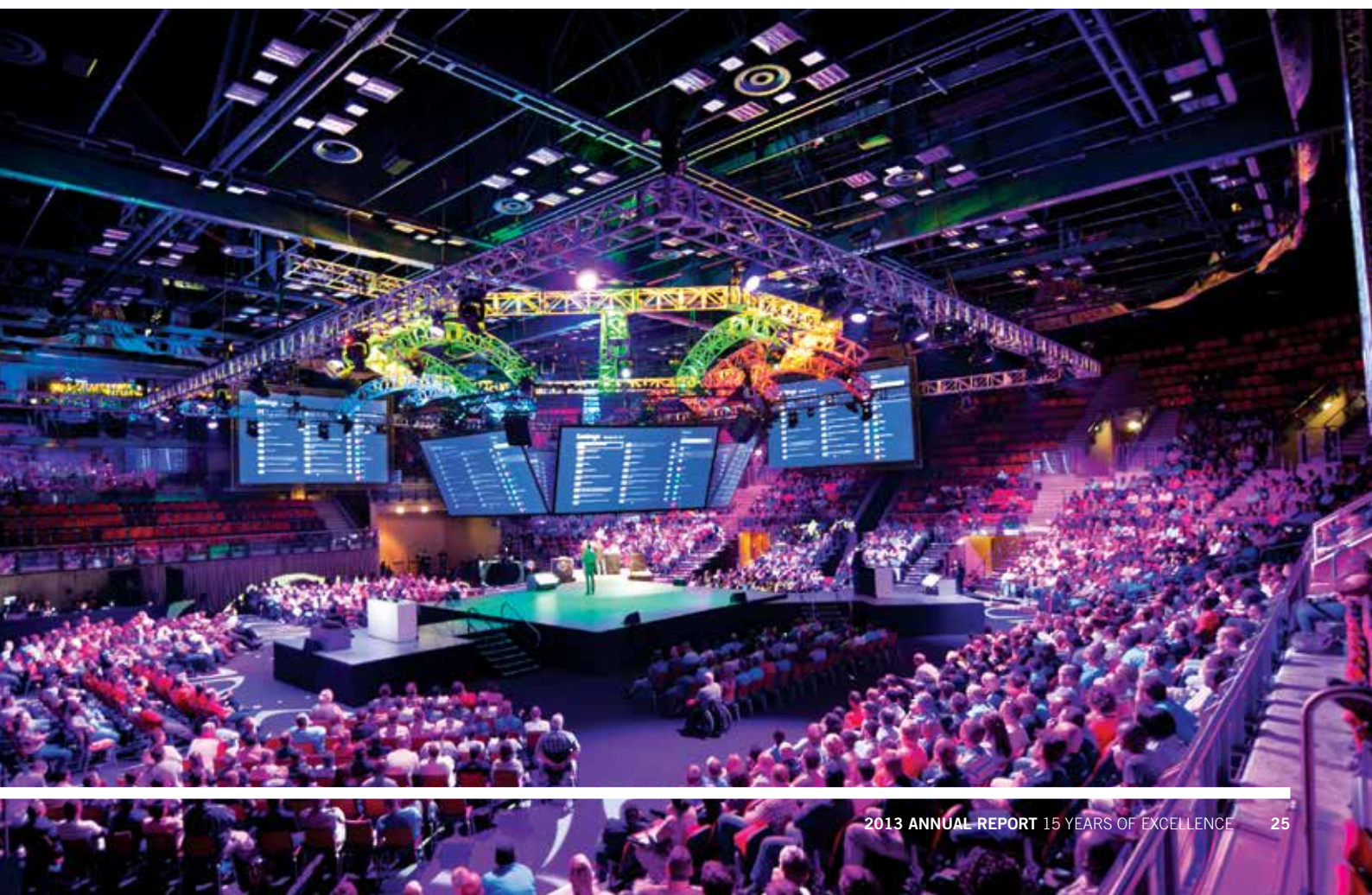
The Durban ICC hosted the following international conferences and events during the 2013 financial year:

International Conferences and Events

International Wildlife Management Conference 2012
International Federation of Teachers of French Conference
Joint SAGES/SASES/SAGINS Gastroenterology and Endoscopic Congress
8th Biennial International Seminar on Management Development for Women in Africa
Civil Registration Conference 2012
10th Intermodal Africa 2012
Sports and Events Tourism Exchange Exhibition & Conference
Continental Congress of Dermatology
Orange Africa Cup of Nations 2013 Final Draw
ICIS African Base Oils Conference
3rd All Africa Congress in Environmental Health
Public Services International Congress
12th World Toilet Summit
Unilever Way-Global Activation “Crafting Brands For Life”
Southern African Postal Operators Association Conference
9th World Soybean Research Conference
Travel Agents Federation of India – International Travel Convention 2013
International Union of Architects Council Meeting
South Africa India Film and Television Awards Curtain Raiser
5th BRICS Summit
World Federation of Chiropractic 12th Biennial Congress
Microsoft TechEd Africa 2013
Tourism Indaba 2013
6th Southern African AIDS Conference 2013
World Association for Co-operative Educations 2013

During the financial year, 17 concerts and related events were hosted in the Durban ICC Arena and Hall 1 Auditorium:

Concerts and Special Events	Number of Attendees
Joyous Celebration Concert	4954
Andre Rieu Concert	3400
Bollywood Concert - Adnand Sami	4700
Soul Brothers 36th Anniversary Since Inception Celebration	3310
Cothoza Experience Festival	3000
Old Mutual National Choir Festival	5545
SABC Crown Gospel Awards 2012	4810
Sifiso Ncwane Concert	1962
Passion Conferences Concert	5790
Shreya Ghoshal Live Concert	4004
KwaZulu-Natal Supreme Dog Competition	120
12th Metro FM Music Awards	3919
Bollywood Celebrates Romance - Shakti & Javed in Concert	1200
Good Friday Service 2013	3037
Upfront with Zakes Bantwini	2356
The Serendipity Charity Concert	2020
John Cleese Durban Tour	1680





9.2 Bids Submitted and Won

The Marketing and Sales Department was involved with the preparation and submission of 52 bids for international conferences. Some of the bid decisions are still outstanding, although notification has been received that the following 10 bids were successful:

Conference / Event

- ICIS African Base Oils Conference
- Unilever Global Activation
- Southern Africa Postal Operators Association Postal Forum
- South Africa India Film and Television Awards
- SA National Conference on Vulnerable Children & Youth
- Joint African Telecommunication Union-International Telecommunication Union Seminar on outcomes of WTSA-12 and WCIT-12
- Association for Savings & Investment South Africa
- World Routes Development Forum
- 21st International AIDS Conference
- International Congress of Clinical Chemistry and Laboratory Medicine

During the period under review 23 international and 300 national events were confirmed on the forward calendar.

9.3 Press, Public Relations & Media Highlights

During the 2013 Financial Year, the Durban ICC enjoyed significant media exposure related to the Centre's high-profile events as well as the company's significant achievements and developments.

Of the total media exposure of R98.4-million, the Effective Coverage for the Centre amounted to R21.1-million, an increase from R15.1-million from the year before. Effective Coverage was calculated using the widely-accepted Advertising Value Equivalency (AVE) method and included articles which dealt with the Durban ICC or its events as the main subject of the article. Articles which merely mentioned the Centre or where the company was not the main subject of the piece were excluded.

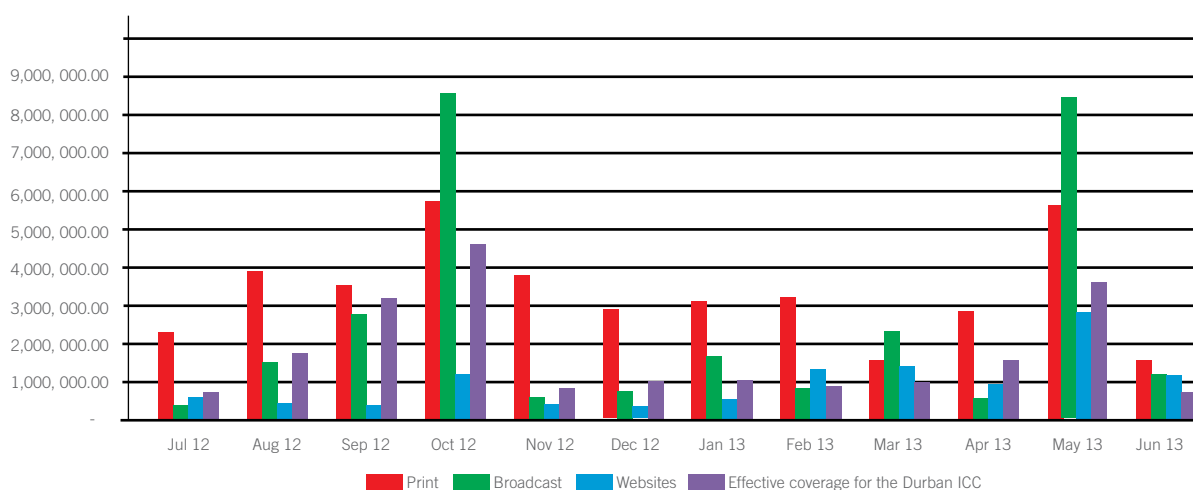
The live broadcast of the AFCON Cup Draw in October 2012 saw the value of broadcast media spike to over R8-million on the back of this event. This event drew a host of VIPs including President Jacob Zuma, Zulu King Goodwill Zwelithini, and several soccer greats. The accompanying positive press exposure from the successful event greatly contributed to the cumulative increase in media value.

In March 2013, there was widespread coverage of the 5th BRICS Summit in both the national and international media. The Centre was privileged to welcome Heads of State from all member countries Brazil, Russia, India, China and South Africa along with their trade and financial delegations. This event showcased Durban's capacity as an international events destination to millions across the world.

Another outstanding month for the Durban ICC's media exposure was May 2013, which saw the Centre hosting three high-profile events which each drew their fair share of media attention. These events included the Tourism Indaba, the 15th African Renaissance Conference and the SA National Conference on Orphans, Children and Youth made Vulnerable by HIV/AIDS.



MONTH	PRINT	BROADCAST	WEBSITES	EFFECTIVE COVERAGE
July 2012	2,300,780.02	273,601.13	392,432.59	619,781.25
August 2012	3,969,277.19	1,429,611.33	419,964.13	1,643,489.79
September 2012	3,622,920.31	2,880,811.00	359,838.49	3,389,753.23
October 2012	5,847,576.79	8,317,666.86	1,028,372.04	4,798,975.88
November 2012	3,907,430.62	596,851.00	375,899.26	1,356,170.47
December 2012	3,000,221.84	607,516.67	208,209.34	994,055.81
January 2013	3,122,188.42	1,567,218.24	454,108.83	756,751.47
February 2013	3,184,582.72	900,204.00	1,121,389.00	929,973.70
March 2013	1,532,654.85	2,180,563.02	1,410,975.86	1,044,544.77
April 2013	2,850,987.96	312,085.43	945,625.32	1,452,486.55
May 2013	5,931,217.06	7,407,660.23	2,912,177.11	3,510,472.47
June 2013	1,374,152.66	1,205,707.67	1,188,726.25	679,895.33
Total	40,643,990.44	27,679,496.58	10,817,718.22	21,176,350.72





(10) Delivering Service Excellence

We would also like to take this opportunity to let you know what an excellent job you did in receiving the Chinese delegation and making their stay and work in South Africa both fruitful and enjoyable. They were deeply impressed and amazed by your cordialities, dedication, persistence, expertise, and relatively high efficiency. - Mr

Zhang Guoqiang Third Secretary Chinese Embassy commenting on the BRICS Summit

10.1 Departmental Restructuring

Following the extensive review conducted in 2012, the past year saw the implementation of a number of changes to the company's departmental structures. With a view to enhancing the customer experience and achieving improved service efficiencies, all client service units were incorporated into the Operations department during this period.

The Operations department is now responsible for the implementation of all event requirements, ensuring the client's needs and expectations are delivered upon. The department consists of five units namely Functions, Food and Beverage, IT and Technical, Security, and Health and Safety. The department also manages supporting services such as Cleaning and Parking services.

Over the past year, the Operations department established the following key focus areas:

- Service excellence through the performance of people
- Effective communication and sharing of information
- Systems, policies and procedures that support and enhance the quality of the experience
- Benchmarking for local and global competitiveness

10.2 Customer Service

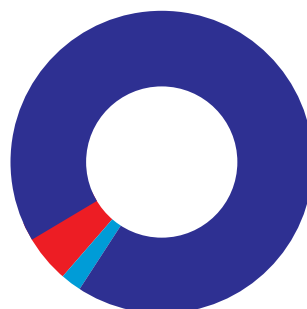
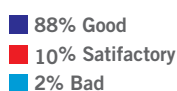
Customer service is the principle focus of the Durban ICC. The level of service delivery has a pronounced influence in separating the venues that warrant their rating as 5-Star international institutions from those that are simply rated conference venues. As a serious contender in the international business tourism environment, the Durban ICC has continued to make service delivery its utmost priority and ensure that it is offered consistently to all clients at all events.

In order to maintain these world-class levels of service delivery, the Centre placed great emphasis on staff training; specifically on-the-job training where more experienced staff members shared their knowledge and mentored newer employees in their teams. Over the past year, the Centre's permanent employees worked closely with the flexi-staff service provider and their appointed training institution to ensure exceptional service standards were consistently met and maintained.

The Durban ICC achieved a client satisfaction rating of 88% against a target of 85% for the 2013 fiscal year.

Further emphasis was also placed on delivering unique experiences to our clients through the creative use of space and the technical capabilities of the Durban ICC. Creative alternatives and expert guidance were offered to clients in the early planning stages of their events in order to further enhance their Durban ICC experience. We believe we can play an active role as with our clients in making their events as successful as possible.

Overall Client Satisfactory Rating
2012/2013



The Durban ICC achieved client satisfaction rating of

88%
for the 2013 year.





10.3 Policy and Procedures

In line with the Durban ICC's commitment to its ISO9001, ISO14001 and ISO22000 certifications, the Centre has implemented a strong systematic framework to ensure consistency in the quality of its service delivery and guest experience. Over the past year, the Durban ICC has continuously monitored its service delivery at each event in order gauge the levels of customer satisfaction and to identify where possible improvements to the system could be made. Once identified, any improvements to policies and procedures were documented and communicated to the team to ensure they were correctly understood, implemented and maintained. This ensured that the systematic framework was continuously improving and able to keep abreast with changing industry demands and the relevant government legislation.

10.4 Enhancing Connectivity

During the fiscal, the Durban ICC's IT division focused on increasing the in-house Wi-Fi connectivity infrastructure capacity. The legacy COP17 Wi-Fi infrastructure was successfully re-implemented for the BRICS 2013 Summit and has remained as a permanent feature of the Durban ICC Complex. The infrastructure allows the Durban ICC sufficient capacity to accommodate up to 10 000 concurrent devices. The solution also allows the department to actively monitor and manage the Wi-Fi network throughout events.

The Durban ICC's Technical division focused on enhancing the in-house audio-visual product offering this year. The most frequently required items were sourced in-house, allowing for more efficient turnaround times, cost control and the ability to meticulously manage quality control.



On behalf of the Local Organising Committee we would like to thank you for your valuable contribution at the 2012 World Toilet Summit. The success of the event is owned to great suppliers such as yourself. Your valuable dedication, input, service and support significantly contributed in ensuring the success of this event. - Natasha

Ramiah, Operations Manager, FPD Conferences and Special Events.







(11) Food for Thought

11.1 Kitchen Upgrade

During the December 2012 shut down period the Durban ICC started the upgrade and renovation of the main kitchen and pantry. The project involved the replacing of the kitchen's entire floor surface, the temperature-control conversion of the goods receiving area and the creation of a new designated thawing room.

The new flooring system makes use of an epoxy coating with a hard-wearing, anti-slip surface which minimises bacterial activity in the kitchen. The product used is joint-free, delivering a seamless finish with no cracks thus avoiding the accumulation of dust, dirt and bacteria. This renders the surface easier to clean and maintain and ensures improved hygiene standards between wash cycles.

Although the Durban ICC obtained its ISO 22000 Food Safety certification in 2010, measures were put in place in the last year to further improve the system. The Centre's goods receiving area was converted into a temperature-controlled zone, where a constant temperature of between 8-12°C is maintained at all times. This ensures the cold chain is not broken when products are received or issued, thus resulting in safer products for our guests and a reduction in wastage of stock.

A new addition to the kitchens is the new 25m² thawing room where all meat, poultry and seafood products are able to thaw and defrost in a temperature-controlled environment. The chefs can now plan their culinary operations well in advance as the room can hold up to 10 tons of raw products at a safe, controlled temperature. From the thawing room, smaller batches are taken and prepared to ensure no product is in the danger temperature zone at any stage of the production process.

The final element of the kitchen upgrade was the installation of new industrial catering equipment to meet the enormous demands of the Durban ICC's culinary production. The Centre utilises blast-chillers and combination-steamers in its modern Cook-Chill system, ensuring that the highest levels of food safety are maintained. By comparison, the traditional cook-serve systems cannot compete with controlling food temperatures accurately, which is an essential principle of the Hazard Analysis and Critical Control Points (HACCP) system. The Cook-Chill system ensures compliance as the whole process, from goods receiving, preparation, blast-chill to regeneration is carefully governed by temperature guidelines and the new equipment is specifically designed to meet HACCP requirements.

11.2 New Trends

The culinary department is constantly looking for innovative ways to cater for our guests with healthy and wholesome offerings whilst enhancing their conference experience. Trends in the meetings industry are moving toward a reduction in space designated for catering alone and more emphasis placed on networking and connection time with other delegates. Menus with more personalised, individual portions are being opted for rather than traditional buffets. In order to better facilitate these trends, the Durban ICC has recently purchased new cocktail plates which have been designed to allow a glass of wine to be stored on the plate. This allows the guests to move freely through the venue and network with their fellow delegates while still having a free hand to greet each other.

11.3 Permanent Staffing

In the past year we have been pleased to be able to offer a number of our flexi-staff members permanent employment contracts. This has helped greatly with regards to the consistency of food presentation, taste and service delivery to our guests. This has also improved the morale of the staff in the kitchen. Plans are underway to continue this programme and we anticipate that we will be able to make more members of our culinary team permanent in the upcoming financial year.





(12) *Recognising Excellence*

12.1 World Travel Awards

The Durban ICC yet again clinched the World Travel Award's coveted accolade for Africa's Leading Meetings and Conference Centre for 2012. The Durban ICC took top honours amongst nominees which included the Cape Town International Convention Centre, the UN Convention Centre Ethiopia, the Kenyatta International Convention Centre, Cairo International Convention Centre, and the Sandton Convention Centre.

The survey is global in scale and benchmarks the Centre amongst all the leading convention centres across Africa. This accomplishment marks the eleventh time that the Durban ICC has won the award in the twelve years of the title's history.

The World Travel Awards are the most prestigious and highly coveted awards in the hospitality, leisure, travel and tourism industry. The primary objective of the World Travel Awards is to encourage, stimulate and recognise business excellence within the international travel and tourism industry.

Since 1993, "the Oscars of the travel industry" have stood unrivalled in impartially recognising and rewarding those who set the standards across all sectors of the travel and tourism industry. The award recognises the tireless work of our team and the appreciation of our clients and stakeholders.

12.2 ISO and HACCP Certifications

The Durban ICC operates according to the highest operational standards and holds a number of local and international standards certifications. Complying with the ISO International Standards ensures that our products and services are safe, reliable and of the highest international standard. As a business, they are strategic tools that ensure we operate efficiently and effectively thereby minimizing waste, increasing productivity and reducing costs.

The Centre holds an ISO 9001 certification recognising its commitment to Quality Management, as well as an ISO 22000 and SANS10330 HACCP accreditation for its Food Safety Management System. The Centre's ISO14001 certification verifies that the company is minimising any harmful effects on the environment, and works continually to improve its environmental performance. The Durban ICC is the only convention centre in the country to have achieved all four of these certifications.

The Durban ICC is the only convention centre in the country to have achieved all four of these certifications

Although the company maintains these three ISO certifications and its HACCP certification, it operates according to one integrated management system. The company has connected the standards into integrated policies which adhere to the best-practice standards on a global level. This can be seen not only through the Durban ICC's integrated Safety, Health and Environmental Policy, but also through the centralised system used by all departments to track and apply all process improvements.

These achievements represent the Durban ICC's adherence to international best practice and its continued commitment to continual improvement processes, meeting customers' quality requirements and enhancing its customer satisfaction levels.

This past year, the Centre also expanded its ISO Team. All team members underwent extensive training in the requirements of the Centre's various ISO standards as well as how to conduct internal ISO audits.

12.3 Five Star Grading

The Tourism Grading Council of South Africa (TGCSA) is the official quality assurance body for tourism products in the country and annually their team of assessors grade over 6500 tourism establishments. Participation in the programme is voluntary and establishments receive a grading between one-star (the lowest) and five-stars based on the council's annual assessment. Once again the Durban ICC retained its five-star grading in 2013 following an assessment of the International Convention Centre and Durban ICC Arena.

(13) Broad-Based Black Economic Empowerment



The company is proud of the significant improvement made in its Broad-Based Black Economic Empowerment status (B-BBEE) during the period under review. The Durban ICC achieved a 71% improvement in its B-BBEE Procurement Recognition level, moving from a Level 7 contributor to Level 3 contributor.

This improved rating is a result of a concerted effort on the part of the management team to give effect to its transformation strategy which is

aimed at supporting the local community when selecting suppliers and vendors as well as investing meaningfully in the development of its people. These efforts have resulted in 74 percent of the company's expenditure going to black-owned businesses and an improvement of almost 400% in the Skills Development element of the B-BBEE scorecard.

The bulk of the major long term contracts at the Centre are also supplied by businesses with B-BBEE Levels 1 to 3. Supplier open days are held annually to meet new prospective suppliers and communicate important procurement information. The most recent one was held on the 23rd April 2013.

The Durban ICC implements its B-BBEE policies in line with Government requirements and aims to contribute meaningfully to each transformation objective namely: direct empowerment through management control at a senior level; human resource development and employment equity; empowerment through preferential procurement; enterprise development and corporate social investment.

Notably, the company also scored 37 out of 40 points for Preferential Procurement and Skills Development, in addition to maintaining its strong Socio-economic Development figures.

The Durban ICC achieved a 71% improvement in its B-BBEE Procurement Recognition level, moving from a Level 7 contributor to a Level 3 contributor.



(14) Investing in our People

Over the past year, the Durban ICC's commitment to training and development of its staff is demonstrated by the 300 training days completed in the past year, exceeding the target of 150 training days by 100%. The management of the Durban ICC also strongly supports the sharing of knowledge and expertise via international exchange programmes and the investment in its staff through attendance at key industry conferences.

The Durban ICC also has a proud history of investing in the lives of young people, demonstrated through the Centre's restructured Student Programme, and new Graduate Programme.

14.1 Graduate Programme

The Centre's Graduate Programme was designed to assist young people fresh out of university begin their full-time working careers in an environment of mentorship and guidance. Over the past twelve months, the company has provided an opportunity for six such graduates to join the culinary team and learn first-hand from our experienced chefs. These employees have spent time in each section of the Centre's kitchen picking up invaluable knowledge and experience in a working kitchen of this scale. In the upcoming fiscal year, it is the intention of the company to expand this graduate programme into other key departments of the operation, should budgets allow it.

14.2 Student Programme

The Durban ICC also offers a Student Programme in partnership with the Durban University of Technology (DUT). The programme offers hospitality students the opportunity to integrate relevant work experience with their academic studies. Offering such opportunities to Hospitality Students is not something new to the Centre, however during the past year the course has been completely re-structured.

Over the past fiscal year, the Durban ICC had eight students enrolled in the programme, with the Culinary and Operations departments each training four students. The curriculum is designed to give the students a firm grounding in each area of their chosen field and the students rotate every few weeks between the various areas of operation.

The new structure of the Student Programme has proved to be very successful in imparting skills first-hand at a five-star standard. The on-the-job training and knowledge imparted gives these students a significant advantage and enhances their career prospects upon graduating. The programme is set to continue in the next financial year and will be extended to include other hospitality fields such as Functions and Event Management.

14.3 Study Programme

In addition to these initiatives, the company also believes strongly in supporting the further education of its existing staff members. This past year two of our staff members benefited from the Durban ICC's Study Programme. One of our Senior Sales and Events Coordinators completed her diploma in International Marketing Management and the Centre's Cold Kitchen Sous Chef also completed his City and Guilds Diploma in professional Food Preparation and Culinary Arts this year.

14.4 Kuala Lumpur Exchange Programme

During the past year, the Executive Management Team had the opportunity to participate in an international exchange programme with the Kuala Lumpur Convention Centre (KLCC).

On the invitation of the KLCC's Chief Executive Officer, Datuk Peter Brokenshire, the team made the trip to Malaysia and spent time with their counterparts in their respective departments. The trip provided the opportunity to discuss various common areas of operation and systems and to benchmark our Centre with another of the world's leading convention centres.

During the trip, the Executive Team also had the opportunity to visit the Putrajaya Convention Centre, which is owned and operated by national government departments. Unfortunately this once-impressive convention





centre is in a poor state of repair and appears to be inadequately managed by the government officials.

The team returned from the international exchange trip with many valuable insights and lessons learned from the experiences of these two centres. The Durban ICC has extended an invitation for a reciprocal visit to the Executive Management Team from the Kuala Lumpur Convention Centre.

14.5 Executive Chef Exchange Visit to Qatar

Having headed up the team which successfully catered for the thousands of delegates at the 2011 United Nations Climate Change Conference, the Conference of the Parties (COP 17-CMP7) in Durban, Executive Chef John Moatshe was invited to assist at the 2012 COP18-CMP8 conference in Doha.

John flew to Doha at the invitation of the Qatar National Convention Centre's General Manager, Adam Mather-Brown, to assist their team in the massive venture of catering for over 17,000 delegates at the conference. He was able to share his passion for African cuisine with the other chefs and even prepared his famous Durban beef curry as part of his contribution.

During the trip, John also had the opportunity to tour the facility and explore the centre's vast culinary operations. He took the opportunity to discuss emerging catering trends in the international convention industry and glean insights from a facility of this size.

14.6 Specialist Indian Cuisine Chef Visit to Malta

The Durban ICC's Specialist Indian Cuisine Chef, Sheila Somers, was invited by the Radisson Blu Resort & Spa Golden Sands in Malta to share her knowledge of traditional Indian gastronomy with their team of chefs.

Sheila visited Malta in January 2013 and had the opportunity to share her insights and broaden the horizons of their chefs in the flavours and tastes of the sub-continent. During the trip, she prepared a variety of traditional Indian delicacies, despite not having any prepared spices available in their kitchens. Not to be deterred, Sheila explored the resort's dry store local spice market for the ingredients she needed and prepared the fresh spice combinations she required. Having published a number of books on the subject of Indian cuisine, lectured at culinary schools and presented many TV cooking programmes, Sheila is a highly respected chef in her own right. She is a member of the Chaîne des Rôtisseurs and heads up the Indian cuisine chef brigade at the Durban ICC.

14.7 Convention Software Conference

The Durban ICC makes extensive use of the Ungerboeck software system in the planning and coordination of its events. In April 2013, Jeremy Hurter, Financial Director and Pieter du Plooy, Business Systems Analyst, attended the Ungerboeck EMEA Conference in Karlsruhe, Germany.

The event was an opportunity to view demonstrations of the software's new version prior to its release and interact directly with the Ungerboeck support staff and programmers on key development needs. The new version will be released in the new fiscal and will be implemented at the Durban ICC ensuring that the Centre is making use of the latest generation, state-of-the-art technology.

14.8 Staff Wellness Day

The Durban ICC encourages all its employees to be healthy and happy. The Staff Wellness Day was held on the 14th September 2012 and was created to assist staff to better understand their health status in a relatively relaxed and fun environment. Increased levels of healthier employees translate, in turn, into lower absenteeism figures, reduced health care costs and lower insurance premiums. Healthy employees are also more productive, produce better quality work and have higher morale.

The Staff Wellness Day was open to all staff members and provided employees an opportunity to have their general health assessed and speak with experts in various health and wellness fields. The company also provided a healthy lunch for all the attendees as well as a gift of a lunchbox and water bottle.

14.9 Discovery East Coast Radio Big Walk

Tens of thousands of walkers joined in this year's Discovery East Coast Radio Big Walk on Sunday 26th May, making it the biggest and most successful event of its kind to date. The Durban ICC supported the initiative with 46 members of staff who participated in the 10Km walk. The Centre's culinary team set up a breakfast on the beach for the team after the event and a great day out was had by all.



(15) *Giving back to the Community*

In addition to the economic impact which it has on the city and the province, the Durban ICC remains committed to giving back to its community in special projects throughout the year.



15.1 KwaZulu-Natal Kidney Association Children's Party

In collaboration with the KwaZulu-Natal Kidney Association (KZNKA), the Durban ICC was privileged to co-host the annual Children's Party for children suffering from chronic kidney disease in December 2012. The KZNKA is a non-profit organization formed in 1977 with the objective of caring for people suffering from kidney disease and to assist with patient rehabilitation. Aside from numerous other projects, each year the KZNKA organizes a children's party to bring the joy of the festive season into the lives of children suffering from kidney-related diseases.

The Centre has been involved with the KZNKA in bidding for the World Paediatric Nephrology Congress in 2018 and opted to support the association by hosting the event. Attendance to this party has grown in recent years and this event attracted approximately 90 patients and 200 parents and siblings. The patients attended from throughout KZN and included children that are both in hospital and those that undergo hospital treatment from time to time. In addition to the venue sponsorship, the Durban ICC's staff members also volunteered their time to play Santa Claus, do face painting and entertain the children on the day.

15.2 Durban Children's Home

In honour of the Durban ICC's 15th anniversary celebrations, a mammoth birthday cake was produced by the Centre's culinary department to commemorate the event. Imagine the surprise on the faces of the 74 children when members of the Centre's Executive Team arrived at the Durban Children's Home to donate the cake and hold an impromptu after-school birthday party. Members of the executive team took some time out to spend with the children, entertain them and share a little of the celebration with them.

15.3 East Coast Radio Charity Drive Telethon

As a further expression of their commitment to community upliftment, the Durban ICC also pledged an amount of R15000 to the East Coast Radio Charity Drive Telethon in honour of its 15th Birthday celebrations.

“
We are delighted with the support from the Durban ICC making it possible to spread some joy into these children's lives at this time of the year - Tammi de Bruyn, organiser of the event on behalf of the KZNKA
”

(16) *Caring for the Environment*



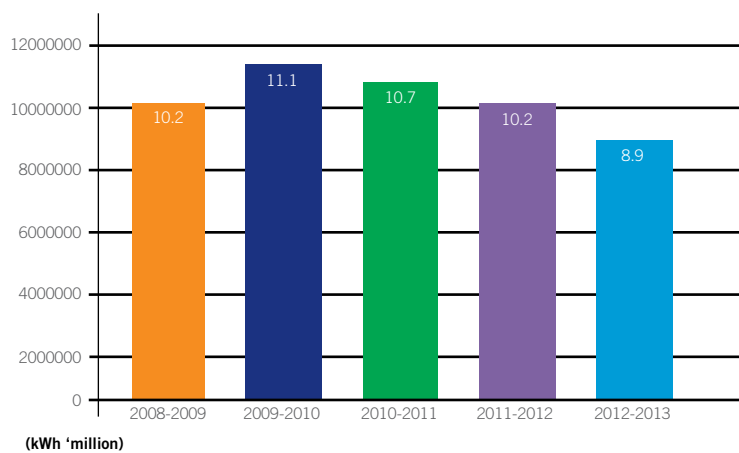
The Durban ICC is committed to operating its business in a sustainable and environmentally responsible manner. The Centre has maintained this commitment in a number of important ways and managed to reduce its energy consumption by 12% over the past year. These include the company's stringent waste-separation policy, which aims to achieve the maximum possible volume of waste sent for recycling as well as various measures implemented to reduce the amount of energy consumed. The design of the building itself incorporates green elements such as large glass facades for natural lighting, energy saving escalators which only activate when stepped on, and energy-efficient light fittings and air-conditioning systems. Another feature of the property is the Centre's indigenous gardens which contain the plants predominantly from the KwaZulu-Natal region thus reducing the reliance on irrigation. The culinary department also grows its own herbs cultivated for use in its kitchen.

The Durban ICC achieved a 12% reduction in energy usage in the past twelve months.

Other environmentally responsible measures which the Centre has maintained over the last year include the use of bio-degradable cutlery and food containers whenever possible, the installation of sensor taps in the bathrooms to prevent water waste and the conversion of certain toilets to a more efficient water usage system.

Whilst this commitment is a way of life at the Durban ICC which influences every aspect of the way the Centre is run, it is best demonstrated by the maintenance of the ISO 14001 certification which the company has maintained since 2011. This stringent global rating verifies that the Centre is minimising its harmful effects on the environment and works continually to improve its environmental performance.

The graph below reflects the Centre's power consumption over the past five years up to the end of this past financial year. These figures clearly demonstrate the effective energy reduction initiatives put in place by the company. Our focus is to further improve on these initiatives and demonstrate a constant improvement on energy reduction each year.



Total Energy Consumption Annually

Going forward the Durban ICC will continue to walk the talk of environmentally responsible practices and the reduction of negative impacts on the environment.





(17) *The Road Ahead*

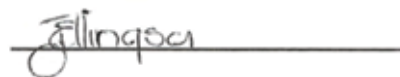
After another successful year of operation, we remain cautiously optimistic about the Durban ICC's future. We are staying abreast of the trends and developments taking place in the international meetings industry, such as changing legislation, rapidly evolving technology, and demand for new meeting formats which all have an impact on the way meetings will be held going forward. Combined with the ongoing challenges of the global economic climate and increased competition from Africa and the rest of the world, the organisation's unique selling points and commitment to five-star service will play a crucial role in the company's success in the years ahead. Despite being a long-haul destination, Durban is still an attractive, value-for-money destination that offers delegates a world-class venue and truly African experience.

As a company, we believe that we must continue to invest in the key areas to give ourselves the best chance of success in the future. The benefits of the renovations and improvements to the facility have already been felt by our clients and the ongoing programme of investment will ensure that the facility remains attractive to our clients and comparable to the best centres in the world.

The investment in our team members continues to be a top priority for us and the quality of our team will continue to be an important differentiator for us in the years ahead. The improved departmental structures implemented over the past year have proved successful by achieving greater efficiencies for the company. As a team, we will continue to investigate how other processes can be streamlined and improved upon.

We are proud of the impact which the Durban ICC has made to the country over the past fifteen years and still continues to make today. Whilst the number of high-profile international events confirmed in our forward calendar in the years ahead is encouraging, we will continue to aggressively target large-scale conferences and events which will benefit the city and province.

The Centre remains a powerful catalyst for economic development for the province and the country. Building on the foundation of our past and using our current positive momentum we look forward to playing an increasingly important role in the global meetings industry in the years to come.



Julie-May Ellingson TRP (SA)
Chief Executive Officer

(18) *Summary of Financial Statements*

ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013

Statement of Financial Position as at 30 June 2013

	Note(s)	2013 R	2012 R
Assets			
Current Assets			
Inventories	5	1,344,090	1,217,243
Receivables from exchange transactions	6	4,807,793	6,549,896
VAT receivable	7	180,778	1,334,198
Cash and cash equivalents	9	174,051,416	145,957,352
		180,384,077	155,058,689
Non-Current Assets			
Property, plant and equipment	2	182,008,420	160,809,349
Intangible assets	3	653,563	636,918
Deferred tax		9,214,096	18,292,872
		191,876,079	179,739,139
Total Assets		372,260,156	334,797,828
Liabilities			
Current Liabilities			
Payables from exchange transactions	11	16,013,534	18,379,613
Consumer deposits	12	18,933,319	14,692,766
		34,946,853	33,072,379
Non-Current Liabilities			
Loan from shareholder	4	226,589,660	226,589,660
Total Liabilities		261,536,513	259,662,039
Net Assets		110,723,643	75,135,789
Share capital / contributed capital	10	1	1
Accumulated surplus		110,723,642	75,135,788
Total Net Assets		110,723,643	75,135,789

ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013

STATEMENT OF FINANCIAL PERFORMANCE

	Note(s)	2013 R	2012 R
Revenue	13	156,997,196	235,654,723
Cost of sales		(37,053,054)	(82,230,527)
Gross surplus		119,944,142	153,424,196
Other income		18,964,969	10,163,482
Operating expenses		(101,967,524)	(100,749,763)
Operating surplus	16	36,941,587	62,837,915
Investment revenue		7,725,869	6,295,711
Finance costs	18	(826)	(94)
Surplus before taxation		44,666,630	69,133,532
Taxation	19	(9,078,776)	(15,186,154)
Surplus for the year		35,587,854	53,947,378
Attributable to:			
Owners of the controlling entity		35,587,854	53,947,378

ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013

Statement of Changes in Net Assets

	Share capital / contributed capital R	Accumulated surplus R	Total net assets R
Opening balance as previously reported	1	19,656,301	19,656,302
Adjustments			
Correction of errors	-	1,532,109	1,532,109
Balance at 01 July 2011 as restated	1	21,188,410	21,188,411
Changes in net assets			
Surplus for the year	-	53,947,378	53,947,378
Total changes	-	53,947,378	53,947,378
Balance at 01 July 2012	1	75,135,788	75,135,789
Changes in net assets			
Surplus for the year	-	35,587,854	35,587,854
Total changes	-	35,587,854	35,587,854
Balance at 30 June 2013	1	110,723,642	110,723,643
Note(s)	10		



DURBAN ICC

INTERNATIONAL CONVENTION CENTRE
INKOSI ALBERT LUTHULI ICC COMPLEX
SOUTH AFRICA

***ICC DURBAN SOC LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013***

GENERAL INFORMATION

LEGAL FORM OF ENTITY	Municipal Entity
THE FOLLOWING IS INCLUDED IN THE SCOPE OF OPERATION	Convention and Exhibition Centre
ACCOUNTING OFFICER	Julie-May Ellingson
CHIEF FINANCE OFFICER (CFO)	Jeremy Hurter
DIRECTORS	D Madlala L Pampallis S Ngcobo J van Rooyen A Sewnarain
REGISTERED OFFICE	45 Bram Fischer Road Durban 4001
POSTAL ADDRESS	PO Box 155 Durban 4001
BANKERS	Standard Bank
AUDITORS	Auditor-General
COMPANY REGISTRATION NUMBER	1992/005887/07

ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013

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The reports and statements set out below comprise the financial statements presented to the provincial legislature:

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The following supplementary information does not form part of the financial statements and is unaudited:	
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Abbreviations

GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
IAS	International Accounting Standards
ME's	Municipal Entities
MFMA	Municipal Finance Management Act

Directors' Responsibilities and Approval

The directors are required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the directors to ensure that the financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and was given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

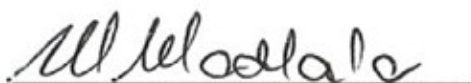
The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The external auditors are responsible for independently reviewing and reporting on the entity's financial statements. The financial statements have been examined by the entity's external auditors and their report is presented on page 4.

The financial statements set out on pages 5 to 43, which have been prepared on the going concern basis, were approved by the directors on 27 November 2013 and were signed on its behalf by:



Director (DM Madlala)
Designation

Durban

27 November 2013

ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013

Directors' Report

REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND COUNCIL OF ETHEKWINI MUNICIPALITY ON INTERNATIONAL CONVENTION CENTRE DURBAN (SOC) LTD

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the International Convention Centre Durban (SOC) Ltd set out on pages 54 to 93 (Volume 4), which comprise the statement of financial position as at 30 June 2013, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Companies Act of South Africa, 2008 (Act No. 71 of 2008) (Companies Act) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the International Convention Centre Durban (SOC) Ltd as at 30 June 2013 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and Companies Act.

Emphasis of matter

7. I draw attention to the matter below. My opinion is not modified in respect of this matter:

Restatement of corresponding figures

8. As disclosed in note 24 to the financial statements, the corresponding figures for the year ended 30 June 2012 have been restated as a result of errors discovered during 2013 in the financial statements of the entity at, and for the year ended, 30 June 2012.

ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013

Additional matter

9. I draw attention to the matter below. My opinion is not modified in respect of this matter:

Other reports required by the Companies Act

10. As part of my audit of the financial statements for the year ended 30 June 2013, I have read the director's report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. This report is the responsibility of the respective preparer. I have not audited the report and, accordingly, do not express an opinion on them.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

11. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

12. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 96 to 101 (Volume 4) of the annual report.
13. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether

indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant, as required by the *National Treasury Framework for managing programme performance information*.

The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

14. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Additional matter

15. Although no material finding concerning the usefulness and reliability of the performance information was identified in the annual performance report, I draw attention to the following matter below:

Achievement of planned targets

16. Of the total number of 31 planned targets for the year, eight targets were not achieved during the year under review. This represents 26% of the total planned targets that were not achieved during the year under review. This was mainly due to the fact that indicators and targets were not suitably developed during the strategic planning process.

Compliance with laws and regulations

17. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations, as set out in the general notice issued in terms of the PAA, are as follows:

Annual financial statements

18. The financial statements submitted for auditing were not prepared, in all material respects, in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets and commitments identified by the auditors in the financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

19. Contracts were extended without tabling the reasons for the proposed amendments in the council of the parent

ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013
municipality, as required by section 116(3) of the MFMA.
Directors' Report

Internal control

20. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on compliance with laws and regulations included in this report.

Financial management

21. The municipal entity did not implement an effective internal control system to regulate contract extensions.
22. There were inadequate monitoring controls over certain financial management processes and review of the financial statements to ensure compliance with the applicable financial reporting framework.

Auditor - General

Pietermaritzburg 18 November

2013



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013

Directors' Report

The directors submit their report for the year ended 30 June 2013.

1. Incorporation

The entity was incorporated on 09 October 1992 and obtained its certificate to commence business on the same day.

2. Review of activities

Main business and operations

The entity is engaged in conference centre management and operates in South Africa. The company is defined as a municipal entity and is 100% controlled by the eThekweni Municipality. In terms of an agreement, the company has agreed to manage the International Convention Centre and Durban Exhibition Centre and related amenities and ancillary buildings for the eThekweni Municipality.

During the year there were no major changes in the activities of the business.

The operating results for the year were pleasing as the entity achieved a surplus and positive cash flows were generated. The company also generated The financial position of the entity is positive as its assets exceed its liabilities.

- The contribution to national GDP for 2013 was R2.94 billion
- 7,636 jobs were sustained through the activities of the entity.
- The entity achieved a level 3 B-BBEE level certification
- The entity was once again awarded the World Travel Awards award for the "Leading Convention Centre in Africa"
- We entry maintained the 5 Star Grading in the Arena and Convention Centre.

Net surplus of the entity was R 35,587,854 (2012: surplus R 53,947,378), after taxation of R 9,078,776 (2012:R15,186,154).

3. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

4. Subsequent events

The directors are not aware of any matter or circumstance arising since the end of the financial year.

5. Directors' interest in contracts

The directors of the entity did not have any interest in contracts entered into by the entity.

6. Share capital / contributed capital

There were no changes in the authorised or issued share capital of the entity during the year under review.

7. Directors

The directors of the entity during the year and to the date of this report are as follows:

Name	Nationality	Changes
D Madlala	South African	
L Pampallis	South African	
B Ndamase Paledi	South African	Resigned 05 September 2012
S Ngcobo	South African	
J van Rooyen	South African	
A Sewnarain	South African	

ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013

Directors' Report

8. Secretary

The secretary of the entity is Jeremy Hurter of:

Business address

45 Bram Fischer Road
Durban
4001

Postal address

PO Box 155
Durban
4001

9. Directors and executive managers emoluments

Economic entity

	Salary or Fee	Retirement Fund Contributions	Medical Contributions	Total package 2013	Total package 2012
Non-Executive Directors					
D Madlala	48,000	-	-	48,000	45,000
B Ndamase Paledi	-	-	-	-	18,000
S Ngcobo	15,000	-	-	15,000	33,000
J van Rooyen	9,000	-	-	9,000	12,000
A Sewnarain	21,000	-	-	21,000	39,000
M Ngubane	-	-	-	-	12,000
L Pampalis	18,000	-	-	18,000	27,000
	111,000	-	-	111,000	186,000
Executive Managers					
Chief executive officer (Julie-May Ellingson)	1,759,963	-	-	1,759,963	1,096,550
Finance Director (Jeremy Hurter - resigned 31 October 2013)	1,005,175	79,427	19,211	1,103,813	1,087,469
Sales and Marketing Director (David Frandsen)	848,203	67,022	-	915,225	1,155,036
Operations Director (Nicolette Elia-Beissel)	863,989	63,536	11,271	938,796	1,105,917
Executive Chef (John Moatshe)	721,189	52,325	20,157	793,671	753,981
Facilities Manager (Nischal Ishwarlaal)	-	-	-	-	94,328
	5,198,519	262,310	50,639	5,511,468	5,293,281
	5,309,519	262,310	50,639	5,622,468	5,479,281

ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013

Directors' Report

10. Corporate governance

General

The directors are committed to business integrity, transparency and professionalism in all their activities. As part of this commitment, the directors support the highest standards of corporate governance and the ongoing development of best practice.

The entity confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King III Report on Corporate Governance for South Africa 2002. The directors discuss the responsibilities of management in this respect, at Board meetings and monitor the entity's compliance with the code on a three monthly basis.

The salient features of the entity's adoption of the Code is outlined below:

Board of directors

The Board:

- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;
- is of a unitary structure comprising:
 - non-executive directors, all of whom are independent directors as defined in the Code
- has established a Board directorship continuity programme.

Chairperson and chief executive

The Chairperson is a non-executive and independent director (as defined by the Code).

The roles of Chairperson and Chief Executive are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

Executive meetings

The directors have met on 4 separate occasions during the financial year. The directors schedule to meet at least 4 times per annum.

Non-executive directors have access to all members of management of the entity.

Meeting Attendance:

	HR Committee	Finance Committee	Board meeting		Total
Name					
D Madlala	-	4	3	-	7
S Ngcobo	-	3	2	-	5
J van Rooyen	-	-	2	-	2
A Sewnarain	4	1	2	-	7
L Pampalis	4	-	2	-	6
	8	8	11	-	27

11. Controlling entity

The entity's controlling entity is eThekweni Municipality.

12. Auditors

The Auditor-General of South Africa will continue in office for the next financial period.

ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013

Directors' Report

Statement of Financial Position as at 30 June 2013

	Note(s)	2013 R	2012 R
Assets			
Current Assets			
Inventories	5	1,344,090	1,217,243
Receivables from exchange transactions	6	4,807,793	6,549,896
VAT receivable	7	180,778	1,334,198
Cash and cash equivalents	9	174,051,416	145,957,352
		180,384,077	155,058,689
Non-Current Assets			
Property, plant and equipment	2	182,008,420	160,809,349
Intangible assets	3	653,563	636,918
Deferred tax		9,214,096	18,292,872
		191,876,079	179,739,139
Total Assets		372,260,156	334,797,828
Liabilities			
Current Liabilities			
Payables from exchange transactions	11	16,013,534	18,379,613
Consumer deposits	12	18,933,319	14,692,766
		34,946,853	33,072,379
Non-Current Liabilities			
Loan from shareholder	4	226,589,660	226,589,660
Total Liabilities		261,536,513	259,662,039
Net Assets		110,723,643	75,135,789
Share capital / contributed capital	10	1	1
Accumulated surplus		110,723,642	75,135,788
Total Net Assets		110,723,643	75,135,789

ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013

STATEMENT OF FINANCIAL PERFORMANCE

	Note(s)	2013 R	2012 R
Revenue	13	156,997,196	235,654,723
Cost of sales		(37,053,054)	(82,230,527)
Gross surplus		119,944,142	153,424,196
Other income		18,964,969	10,163,482
Operating expenses		(101,967,524)	(100,749,763)
Operating surplus	16	36,941,587	62,837,915
Investment revenue		7,725,869	6,295,711
Finance costs	18	(826)	(94)
Surplus before taxation		44,666,630	69,133,532
Taxation	19	(9,078,776)	(15,186,154)
Surplus for the year		35,587,854	53,947,378
Attributable to:			
Owners of the controlling entity		35,587,854	53,947,378

ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013

Statement of Changes in Net Assets

	Share capital / contributed capital R	Accumulated surplus R	Total net assets R
Opening balance as previously reported	1	19,656,301	19,656,302
Adjustments			
Correction of errors	-	1,532,109	1,532,109
Balance at 01 July 2011 as restated	1	21,188,410	21,188,411
Changes in net assets			
Surplus for the year	-	53,947,378	53,947,378
Total changes	-	53,947,378	53,947,378
Balance at 01 July 2012	1	75,135,788	75,135,789
Changes in net assets			
Surplus for the year	-	35,587,854	35,587,854
Total changes	-	35,587,854	35,587,854
Balance at 30 June 2013	1	110,723,642	110,723,643
Note(s)	10		

ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013

Cash Flow Statement

	Note(s)	2013 R	2012 R
Cash flows from operating activities			
Receipts			
Sale of goods and services		162,979,852	241,109,484
		<u>162,979,852</u>	<u>241,109,484</u>
Payments			
Employee costs		(45,522,637)	(42,158,293)
Suppliers		(74,928,297)	(129,769,591)
		<u>(128,176,803)</u>	<u>(178,223,595)</u>
Net cash flows from operating activities	21	<u>34,803,049</u>	<u>62,885,889</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(14,069,831)	(23,644,487)
Proceeds from sale of property, plant and equipment	2	37,320	9,233
Purchase of other intangible assets	3	(401,517)	(160,480)
Interest Income		7,725,869	6,295,711
Net cash flows from investing activities		<u>(6,708,159)</u>	<u>(17,500,023)</u>
Cash flows from financing activities			
Finance costs		(826)	(94)
Net increase/(decrease) in cash and cash equivalents		<u>28,094,064</u>	<u>45,385,772</u>
Cash and cash equivalents at the beginning of the year		145,957,352	100,571,580
Cash and cash equivalents at the end of the year	9	<u>174,051,416</u>	<u>145,957,352</u>

ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013

Appropriation Statement

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance (Refer to Appendix E1 for explanation of significant variances)	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R	R
2013											
Financial Performance											
Investment revenue	5,000,000	1,186,240	6,186,240	-		6,186,240	7,725,869		1,539,629	125 %	155 %
Other own revenue	130,427,624	1,670,234	132,097,858	-		132,097,858	175,962,165		43,864,307	133 %	135 %
Total revenue (excluding capital transfers and contributions)	135,427,624	2,856,474	138,284,098	-		138,284,098	183,688,03		45,403,936	133 %	136 %
					4						
Employee costs	(55,082,170)	6,193,123	(48,889,047)	-	-	(48,889,047)	(45,528,145)	-	3,360,902	93 %	83 %
Depreciation and asset impairment	(35,618,416)	29,671,131	(5,947,285)			(5,947,285)	(10,983,077)	-	(5,035,792)	185 %	31 %
Finance charges	(43,439)	12,536	(30,903)	-	-	(30,903)	(826)	-	30,077	3 %	2 %
Other expenditure	(97,375,465)	14,987,500	(82,387,965)	-	-	(82,387,965)	(82,509,356)	-	(121,391)	100 %	85 %
Total expenditure	(188,119,490)	50,864,290	(137,255,200)	-	-	(137,255,200)	(139,021,404)	-	(1,766,204)	101 %	74 %
Surplus/(Deficit)	(52,691,866)	53,720,764	1,028,898	-		1,028,898	44,666,630		43,637,732	4,341 %	(85)%
Taxation	-	-	-	-		-	9,078,776		9,078,776		
Surplus/(Deficit) for the year	(52,691,866)	53,720,764	1,028,898	-		1,028,898	35,587,85		34,558,956	3,459 %	(68)%

ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Municipal Finance Management Act (MFMA) (Act 56 of 2003).

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

Standard of GRAP

GRAP 1 Presentation of Financial Statements
GRAP 2 Cash Flow Statements
GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4 The Effects of Changes in Foreign Exchange Rates
GRAP 5 Borrowing Costs
GRAP 6 Consolidated and Separate Financial Statements
GRAP 7 Investments in Associates
GRAP 8 Interests in Joint Ventures
GRAP 9 Revenue from Exchange Transactions
GRAP 10 Financial Reporting in Hyperinflationary Economies
GRAP 11 Construction Contracts
GRAP 12 Inventories
GRAP 13 Leases
GRAP 14 Events After the Reporting Date
GRAP 16 Investment Property
GRAP 17 Property Plant and Equipment
GRAP 19 Provisions, Contingent Liabilities and Contingent Assets
GRAP 100 Non-Current Assets Held for Sale and Discontinued Operations
GRAP 101 Agriculture
GRAP 102 Intangible Assets

During the previous financial year there was an early adoption of GRAP 26, being Impairment of Cash-Generating Assets

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

The entity has applied the following standards which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2011 or later periods. Refer to note 25 for further details

GRAP 21: Impairment of Non-cash-generating Assets
GRAP 23: Revenue from Non-exchange Transactions
GRAP 24: Presentation of Budget Information in the Financial Statements

GRAP 26: Impairment of Cash-generating Assets
GRAP 103: Heritage Assets
GRAP 104: Financial Instruments
Standards and interpretations effective 1 April 2013

Revised GRAP 1,3, 9,12,13,16 & 17

GRAP 25

IGRAP 1

IGRAP 16

Standards and interpretations not yet effective:

GRAP 105

ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013

Accounting Policies

GRAP 106

GRAP 107

GRAP 20

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The entity assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note - Provisions.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The entity recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The entity recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the entity to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the

ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013

Accounting Policies

ability of the entity to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Effective interest rate

The entity used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.2 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and standby equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and standby equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Subsequent to initial measurement, Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.2 Property, plant and equipment (continued)

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for those items that were acquired at no cost which are carried at revalued amount being the fair value at the date of acquisition less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Where impaired land and buildings are valued, the increase in value of land and buildings are recognised as revenue to the extent that it reverses the impairment loss previously recognised as an expense

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Buildings	30 years
Plant and machinery	4 Years
Furniture and fixtures	6 years
Motor vehicles	5 years
IT equipment	3 years
Operating equipment	2 years

1.3 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the entity or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Subsequent to initial measurement, Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.3 Intangible assets (continued)

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	3 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.4 Financial instruments

Classification

The entity classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through surplus or deficit - held for trading
- Financial assets at fair value through surplus or deficit - designated
- Held-to-maturity investment
- Loans and receivables
- Available-for-sale financial assets

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

Financial assets classified as at fair value through surplus or deficit which are no longer held for the purposes of selling or repurchasing in the near term may be reclassified out of that category:

- in rare circumstances
- if the asset met the definition of loans and receivables and the entity has the intention and ability to hold the asset for the foreseeable future or until maturity.

A financial asset classified as available-for-sale that would have met the definition of loans and receivables may be reclassified to loans and receivables if the entity has the intention and ability to hold the asset for the foreseeable future or until maturity.

ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.4 Financial instruments (continued)

Initial recognition and measurement

Financial instruments are recognised initially when the entity becomes a party to the contractual provisions of the instruments.

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through surplus or deficit are recognised in surplus or deficit.

Financial instruments designated as at fair value through surplus or deficit

A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Derivatives are also categorised as 'held for trading' unless they are designated as hedges. Assets in this category are classified as current.

Financial instruments designated as available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables.

Receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

Payables from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.4 Financial instruments (continued)

Borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the entity's accounting policy for borrowing costs.

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the entity has the positive intention and ability to hold to maturity are classified as held to maturity.

1.5 Tax

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable surplus will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable surplus will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus or deficit for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to net assets; or
- a business combination.

Current tax and deferred taxes are charged or credited to net assets if the tax relates to items that are credited or charged, in the same or a different period, to net assets.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

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1.7 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.8 Impairment of cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

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1.8 Impairment of cash-generating assets (continued)

Criteria developed by the entity to distinguish cash-generating assets from non-cash-generating assets are as follow:

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the entity applies the appropriate discount rate to those future cash flows.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the entity expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

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1.8 Impairment of cash-generating assets (continued)

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.9 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was

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tested for impairment before the end of the current reporting period.

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1.9 Impairment of non-cash-generating assets (continued)

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating asset is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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1.9 Impairment of non-cash-generating assets (continued)**Reversal of an impairment loss**

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.10 Employee benefits**Defined contribution plans**

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

The scheme is generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The company has defined contribution plans. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

For defined contribution plans, the company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.11 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

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1.11 Provisions and contingencies (continued)

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

1.12 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

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1.12 Revenue from exchange transactions (continued)**Measurement**

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue from events is recognised on completion of the event.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the entity's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.13 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

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1.13 Revenue from non-exchange transactions (continued)

Control of an asset arises when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

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1.13 Revenue from non-exchange transactions (continued)

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the entity.

Where the entity collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

1.14 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in surplus or deficit in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in net assets, any exchange component of that gain or loss is recognised directly in net assets. When a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.15 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.16 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.17 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

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1.18 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the MFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.19 Presentation of currency

These financial statements are presented in South African Rand.

1.20 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.21 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

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1.21 Investments (continued)

Investments in securities

Investments in securities are recognised on a trade date basis and are initially measured at cost.

At subsequent reporting dates, debt securities that the entity has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment losses recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with over investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

Investments other than held-to-maturity debt securities are classified as either held for trading or available-for-sale, and are measured at subsequent reporting dates at fair value, based on quoted market prices at the reporting date. Where securities are held for trading purposes, unrealised gains and losses are included in net surplus/(deficit) for the period. For available-for-sale investments, unrealised gains and losses are recognised directly in net assets, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in net assets is included in the net surplus/(deficit) for the period.

Investments in derivative financial instruments

Derivative financial instruments are initially recorded at cost and are remeasured to fair value at subsequent reporting dates.

Changes in the fair value of derivative financial instruments that are designated and effective as cash flow hedges are recognised directly in accumulated surpluses/(deficits). Amounts deferred in net assets are recognised in the statement of financial performance in the same period in which the hedged firm commitment or forecasted transaction affects net surplus/(deficit).

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the statement of financial performance as they arise.

1.22 Budget information

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/07/2012 to 30/06/2013.

The budget for the economic entity includes all the entities approved budgets under its control.

The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.23 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.24 Operating Expenditure Commitments

Operating expenditure commitment is a binding agreement to undertake operating expenditure at some time in the future which has not yet become an actual liability.

ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R			2012 R		
2. Property, plant and equipment						
	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	837,933,839	(670,301,839)	167,632,000	829,642,090	(683,038,203)	146,603,887
Plant and machinery	30,208,968	(20,476,273)	9,732,695	26,914,092	(17,446,386)	9,467,706
Furniture and fixtures	14,139,259	(11,430,769)	2,708,490	13,743,250	(9,785,444)	3,957,806
Motor vehicles	205,769	(205,769)	-	471,779	(447,041)	24,738
IT equipment	4,723,714	(3,194,261)	1,529,453	2,953,650	(2,587,366)	366,284
Other property, plant and equipment	5,333,879	(4,928,097)	405,782	5,016,745	(4,627,817)	388,928
Total	892,545,428	(710,537,008)	182,008,420	878,741,606	(717,932,257)	160,809,349

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Depreciation	Impairment reversal	Total
Buildings	146,603,887	8,291,749	(4,991,081)	17,727,445	167,632,000
Plant and machinery	9,467,706	3,294,876	(3,029,887)	-	9,732,695
Furniture and fixtures	3,957,806	396,009	(1,645,325)	-	2,708,490
Motor vehicles	24,738	-	(24,738)	-	-
IT equipment	366,284	1,770,063	(606,894)	-	1,529,453
Other property, plant and equipment	388,928	317,134	(300,280)	-	405,782
	160,809,349	14,069,831	(10,598,205)	17,727,445	182,008,420

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Depreciation	Impairment reversal	Total
Buildings	126,699,231	15,389,979	(4,223,308)	8,737,985	146,603,887
Plant and machinery	4,641,419	7,764,166	(2,937,879)	-	9,467,706
Furniture and fixtures	5,545,074	37,000	(1,624,268)	-	3,957,806
Motor vehicles	63,111	-	(38,373)	-	24,738
IT equipment	716,129	130,800	(480,645)	-	366,284
Other property, plant and equipment	157,214	322,542	(90,828)	-	388,928
	137,822,178	23,644,487	(9,395,301)	8,737,985	160,809,349

Pledged as security

There were no property, plant and equipment pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the entity. Assets with a net book value of Nil were disposed of for R37,320 (2012:R9,233).

2765 fully depreciated assets are still being used by the entity.

Impairment consideration

In line with our accounting policy for Property Plant and Equipment and GRAP for the impairment of assets, non-current assets were assessed during the period for possible indicators of impairment. During the review management has confirmed the following:

ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
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2. Property, plant and equipment (continued)

Buildings

(a) The main purpose of establishing the centre was to generate spin-off returns for the region.

(b) Due to the restrictions imposed on the use of the facility and site, no active market exists within which the value of the centre can be determined through an arm's length transaction between a willing buyer and a willing seller, and as such the value in use of the centre has been used to determine whether the building's carrying value may not be recoverable.

(c) Since inception, all initial targets for the region (spin-offs) and the operation of the convention centre have consistently been exceeded and its main focus is to maintain this level of performance for the foreseeable future.

(d) Despite this, the value in use of the centre can only be attributed to the present value of the future cash flows generated within the centre itself, and excludes any value which it generates for other entities or business sectors.

(e) No value could be attached to the centre at the end of its useful life due to its disposal being highly unlikely and no reliable basis for measuring the disposal value existing.

(f) A discount rate of 12,36% (2012: 12,36%) was used which was calculated using the risk-free rate R207 of 7.32% (2012: 7.11%) adjusted by 5.25% (2012: 5.25%) for uncertainty regarding timing and extent of certain of the cash flows. Based on this valuation method, the value of R167,632,000 was established for the buildings at the year end. This valuation has resulted in an impairment reversal of R17,727,445.00 (2011: R8,737,985). The total carrying value of the buildings at the year end was therefore R167,632,000. The carrying amount at cost before impairment reversal is R677,716,440 (2012: R691,184,277).

3. Intangible assets

	2013			2012		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	3,736,916	(3,083,353)	653,563	3,335,400	(2,698,482)	636,918

Reconciliation of intangible assets - 2013

	Opening balance	Additions	Amortisation	Total
Computer software, other	636,918	401,517	(384,872)	653,563

Reconciliation of intangible assets - 2012

	Opening balance	Additions	Amortisation	Total
Computer software, other	943,501	160,480	(467,063)	636,918

Pledged as security

There were no intangible assets pledged as security.

4. Loan from shareholder

eThekweni municipality Unsecured	(226,589,660)	(226,589,660)
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ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
4. Loan from shareholder (continued)		
This loan is unsecured, interest free and has no fixed date of repayment. The shareholder has agreed that cash accumulated as recognised in the financial statements has been committed to capital expenditure for the next 5 years to allow the entity to maintain an acceptable status within the conferencing environment.		
5. Inventories		
Food and Beverage	1,344,090	1,217,243
Inventory pledged as security		
There were no inventories pledged as security.		
6. Receivables from exchange transactions		
Trade debtors	631,853	5,299,628
Deposits	954,162	722,640
Prepaid expenses	-	41,661
Related Party Debtors	3,221,778	485,967
	4,807,793	6,549,896
Trade and other receivables past due but not impaired		
Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2013, R 115,491 (2012: R 200,356) were past due but not impaired.		
The ageing of amounts past due but not impaired is as follows:		
1 month past due	90,700	18,540
3 months past due	24,791	181,816
Trade and other receivables impaired		
As of 30 June 2013, trade and other receivables of R 2,127,158 (2012: R 3,424,947) were impaired and provided for.		
The amount of the provision was R (2,127,158) as of 30 June 2013 (2012: R 3,424,947).		
The ageing of these loans is as follows:		
Over 3 months	2,127,158	3,424,947
Reconciliation of provision for impairment of trade and other receivables		
Opening balance	3,424,946	3,044,889
Provision for impairment	-	758,255
Amounts written off as uncollectible	(1,012,905)	(378,198)
Unused amounts reversed	(284,883)	-
	2,127,158	3,424,946
7. VAT receivable		
VAT	180,778	1,334,198
VAT is paid on an invoice basis.		

ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
8. Consumer debtors		
Gross balances		
Associations	90,148	287,789
Other Governmental Spheres	475	4,351,122
Corporate	453,294	587,243
Private	-	16,613
Owed by ICC Suppliers	87,937	56,861
	631,854	5,299,628

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	58,081	58,111
Bank balances	1,093,174	1,434,520
Short-term deposits	172,900,161	144,464,721
	174,051,416	145,957,352

The effective interest rate on short-term deposits was 5.0% (2011: 5.0%); these deposits have an average maturity of 30 days. The guarantees that are held by the bank in respect of deposits for eThekweni Municipal charges amount to R660,251.

ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

				2013 R	2012 R
9. Cash and cash equivalents (continued)					
The entity had the following bank accounts					
Account number / description	Bank statement balances			Cash book balances	
	30 June 2013	30 June 2012	30 June 2011	30 June 2013	30 June 2012
50226959-Standard Bank - Current Account	44,326	(5,087)	194,326	44,326	(5,087)
50881201632-First National Bank-Current Account	126,498	717,303	1,920,656	126,498	717,303
50018949-Standard Bank-Current Account	951	951	1,050	951	951
62205575387-First National Bank-Current Account	-	-	336,005	-	-
50138162 - Standard Bank - Current Account (Deposits)	320,121	542,895	6,231,707	320,121	542,895
50138197 - Standard Bank - Current Account (Deposits)	601,278	178,458	391,946	601,278	178,458
62161667608-FNB 1 Day-Call Account	-	-	273,339	-	-
332845-Standard Bank 1 Day-Call Account	78,808,616	53,639,569	6,945,421	78,808,616	53,639,569
169966- 500-Investec-32 Day Call Account	26,384,159	25,080,889	23,856,903	26,384,159	25,080,889
9148806852-ABSA-32 1 Day Call Account	3,424,144	3,283,751	136,200	3,424,144	3,283,751
2070642676-ABSA- 31 Day Call Account	36,983,242	36,160,512	33,259,162	36,983,242	36,160,512
03/7881023341/007-Nedbank-Call Account	27,000,000	27,000,000	27,000,000	27,000,000	27,000,000
33309-Standard Bank-Notice Account	300,000	300,000	300,000	300,000	300,000
Total	173,993,335	146,899,241	100,846,715	173,993,335	146,899,241
10. Share capital / contributed capital					
Authorised					
1000 Ordinary shares of R1 each				1,000	1,000
Issued					
1 Ordinary Share of R1 each				1	1
11. Payables from exchange transactions					
Trade payables				11,105,496	9,531,875
Accrued leave pay				1,404,885	1,368,040
Accrued staff 13th cheques				847,973	703,544
Other accrued expenses				821,521	5,371,324
Durban KZN Convention Bureau Expenditure				104,989	104,989
Related party creditor				1,728,670	1,299,841
				16,013,534	18,379,613

ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
12. Consumer deposits		
Deposits held for events	18,933,319	14,692,766
13. Revenue		
Sale of goods	48,372,468	45,717,254
Rendering of services	13,581,499	38,777,524
Rental of facilities and equipment	95,043,229	151,159,945
Recoveries	18,012,328	8,737,985
	175,009,524	244,392,708
The amount included in revenue arising from exchanges of goods or services are as follows:		
Sale of goods	48,372,468	45,717,254
Rendering of services	13,581,499	38,777,524
Rental of facilities and equipment	95,043,229	151,159,945
Recoveries	18,012,328	8,737,985
	175,009,524	244,392,708
14. Other revenue		
Rental income - third party	915,321	1,416,264
Debt impairment recovered	284,883	-
Reversal of Impairment	17,727,445	8,737,985
	18,927,649	10,154,249

ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
15. General expenses		
Advertising	2,321,514	1,218,873
Municipal rates	4,289,873	7,857,796
Auditors remuneration	755,312	647,985
Bank charges	237,269	282,614
Cleaning	3,821,765	5,216,858
Commission paid	208,863	377,851
Consulting and professional fees	6,199,430	4,975,780
Donations	15,000	-
Entertainment	1,042	719
Flowers	700	850
Insurance	16,243	92,704
IT expenses	479,848	412,402
Lease rentals on operating lease	6,560	22,450
Refuse, garden and pest control	1,254,279	1,403,078
Magazines, books and periodicals	21,552	8,153
Motor vehicle expenses	45,118	54,591
Fuel and oil	54,105	44,850
Placement fees	93,108	109,502
Postage and courier	4,891	24,538
Printing and stationery	555,375	524,009
Security (Guarding of municipal property)	5,993,820	5,798,696
Software expenses	111,387	251,465
Staff welfare	307,082	304,982
Subscriptions and membership fees	309,269	304,891
Telephone and fax	582,140	681,841
Transport and freight	1,968,581	1,232,385
Training	134,606	70,152
Travel - local	191,037	257,784
Travel - overseas	617,895	637,842
Electricity	8,905,714	8,703,501
Water	1,311,530	1,157,493
Uniforms	403,187	174,159
	41,218,095	42,850,794
16. Operating surplus		
Operating surplus for the year is stated after accounting for the following:		
Operating lease charges		
Equipment		
• Contractual amounts	6,560	22,450
Gain on sale of property, plant and equipment	(37,320)	(9,233)
Depreciation on property, plant and equipment	10,983,077	9,862,364
Employee costs	45,528,145	42,158,293

ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
17. Employee related costs		
Basic	34,852,851	32,996,340
Bonus	608,797	622,133
Medical aid - company contributions	910,205	885,088
UIF	154,388	125,586
SDL	625,898	83,354
PAYE	4,795,384	4,498,556
Leave pay provision charge	36,846	(466,729)
Pension fund contributions	1,775,825	1,743,000
Overtime payments	40,261	117,174
13th Cheques	1,727,690	1,553,791
	45,528,145	42,158,293
18. Finance costs		
Other interest paid on overdue accounts	826	94
19. Taxation		
Major components of the tax expense		
Deferred		
Arising from assessed loss	9,078,776	15,186,154
No provision has been made for 2013 tax as the entity has no taxable income. The estimated tax loss available for set off against future taxable income is R 60,906,560 (2012: R 120,254,696).		
20. Auditors' remuneration		
Fees	755,312	647,985
21. Cash generated from operations		
Surplus	35,587,854	53,947,378
Adjustments for:		
Depreciation and amortisation	10,983,077	9,862,364
Loss on sale of assets and liabilities	(37,320)	(9,233)
Finance costs	(7,725,043)	(6,295,617)
Debt impairment	-	690,645
Deferred Taxation	9,078,776	15,186,154
Reversal of Impairment	(17,727,445)	(8,737,985)
Changes in working capital:		
Inventories	(126,847)	221,206
Receivables from exchange transactions	1,742,103	5,912,019
Consumer debtors	-	(690,645)
Payables from exchange transactions	(2,366,079)	(169,308)
VAT	1,153,420	(1,687,835)
Consumer deposits	4,240,553	(5,343,254)
	34,803,049	62,885,889

ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
22. Commitments		
Authorised operating expenditure		
Already contracted for but not provided for		
• Airconditioning service	2,630,208	648,009
• Facilities maintenance	-	2,147,702
• Carpet cleaning maintenance	167,141	668,564
• Security services	-	1,622,985
• IT maintenance	-	1,826,506
	2,797,349	6,913,766
This committed expenditure relates to operating expenditure and will be financed by available bank facilities, retained surpluses, existing cash resources, funds internally generated, etc.		
23. Related parties		
Relationships		
Directors - Refer to directors' report note		
Controlling entity - eThekweni Municipality		
Related party balances		
Loan accounts - Owing to related party		
eThekweni Municipality	226,589,660	226,589,660
Amounts included in Trade receivables regarding related parties		
eThekweni Municipality	3,221,778	485,967
Amounts included in Trade payables regarding related parties		
eThekweni Municipality	1,728,670	1,299,841
Related party transactions		
Sales to related parties		
eThekweni Municipality	32,964,851	87,068,457
Purchases from related parties		
eThekweni Municipality - Electricity	8,905,713	8,703,502
eThekweni Municipality - Water	1,311,530	1,157,494
eThekweni Municipality - Durban Solid Waste	510,845	659,466
eThekweni Municipality - Municipal Rates	4,289,873	18,357,796
Less : grants in aid (Rates)	-	(10,500,000)
24. Prior period errors		
Property, Plant and Equipment were depreciated at the tax rates. The useful lives and residual values were not appropriately considered. Useful lives of certain, plant & equipment, computer equipment and computer software was originally assessed to be 5,3,(3&5) years respectively and the re-assessed useful lives are 7,4,(8&6) respectively. The error has been adjusted for retrospectively.		
The correction of the error(s) results in adjustments as follows:		2012 Restated
Statement of financial position		
Property, plant and equipment	(1,127,426)	(517,068,781)
Opening Accumulated Surplus or Deficit	-	510,449,595
Deferred tax asset	-	18,292,872

ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
24. Prior period errors (continued)		
Statement of Financial Performance		
Depreciation expense	(1,127,426)	(22,046,228)
Impairment reversal for the year	-	(8,737,985)
Deferred tax charge	-	15,186,154
Insurance	-	140,793
Travel expenditure and travel shows	-	(63,779)

25. Risk management

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial instrument	2013	2012
Trade Debtors	631,853	5,229,628

Market risk

Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

Foreign exchange risk

The entity does not hedge foreign exchange fluctuations.

26. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern.

27. Events after the reporting date

There were no material non-adjusting events after the reporting date.

28. Irregular expenditure

The internal controls around supply chain management process were further improved during the current year, as a result there was no irregular expenditure incurred.

During the year there was no unauthorised expenditure that requires recovery in terms of s125 (2) (d) of the MFMA. There has also not been any criminal charge laid against any ICC official as there has not been any fraudulent activity noted by management in the procurement process.

ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013 R	2012 R
28. Irregular expenditure (continued)		
Opening balance brought forward from prior years	17,726,844	17,726,844
Analysis of expenditure awaiting condonation per age classification		
Prior years	17,726,844	17,726,844

29. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the directors and includes a note to the financial statements.

In terms of the Municipal Supply Chain Management Regulations, any deviations from the Supply Chain Management Policy have been approved. The total deviations amounted to R9,666,500 (2012: R 87,615,663) for the current financial year.

Applicable clause of Section 36

Clause 1a(v) In exceptional cases where it is impractical or impossible to follow the official procurement processes. The deviations approved were for R4,878,500 . This expenditure was critical to ensure the successful hosting of the BRICS Summit. A tender process was followed but due to the specialised nature of services required an invited tender process was utilised.

Clause 1a(ii) The goods or services are produced or available from a single provider only. This section was utilised for the refurbishment of the operable walls in Hall 1AB. The deviation approved was for R 4,788,000 .

ICC Durban SOC Ltd.

Financial Statements for the year ended 30 June 2013

Detailed Income statement

	Note(s)	2013 R	2012 R
Revenue			
Sale of goods		48,372,468	45,717,254
Rendering of services		13,581,499	38,777,524
Rental of facilities and equipment		95,043,229	151,159,945
Rental income		915,321	1,416,264
Reversal of Impairment		18,012,328	8,737,985
Interest received - investment		7,725,869	6,295,711
Total revenue		183,650,714	252,104,683
Expenditure			
Personnel	17	(45,528,145)	(42,158,293)
Depreciation and amortisation		(10,983,077)	(9,862,364)
Finance costs	18	(826)	(94)
Debt impairment		-	(690,645)
Repairs and maintenance		(4,238,207)	(5,187,667)
General Expenses	15	(41,218,095)	(42,850,794)
Cost of Sales		(37,053,054)	(82,230,527)
Total expenditure		(139,021,404)	(182,980,384)
Operating surplus	16	44,629,310	69,124,299
Gain on disposal of assets and liabilities		37,320	9,233
Surplus before taxation		44,666,630	69,133,532
Taxation	19	9,078,776	15,186,154
Surplus for the year		35,587,854	53,947,378
Attributable to:			
Owners of the controlling entity		35,587,854	53,947,378

The supplementary information presented does not form part of the financial statements and is unaudited

Appendix E(1)

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2013

	Current year 2013 Act. Bal. Rand	Current year 2013 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Sale of goods	48,372,468	45,706,996	2,665,472	5.8	
Rendering of services	13,581,499	11,428,758	2,152,741	18.8	There were lower levels of services sold to customers due to changes in market conditions. This was compensated for in increases in rental of facilities and equipment.
Rental of facilities and equipment	95,043,229	74,154,131	20,889,098	28.2	There was a significant increase in rental income due to the securing of additional major events like the BRICS summit.
Rental income	915,321	680,474	234,847	34.5	
Reversal of impairment	18,012,328	-	18,012,328	-	
Other income	-	127,499	(127,499)	(100.0)	No merchandising income was earned in current year.
Interest received - investment	7,725,869	6,186,240	1,539,629	24.9	There were increased funds on deposit and more favourable interest rates than budgeted were earned.
	183,650,714	138,284,098	45,366,616	32.8	There was a significant increase in revenue due to efforts made to secure additional large events in the year such as the BRICS summit
Expenses					
Personnel	(45,528,145)	(48,889,047)	3,360,902	(6.9)	There were savings in the permanent staff costs due to vacancies in the organogram.
Depreciation	(10,736,380)	(5,947,285)	(4,789,095)	80.5	The impairment of the building in 2012 led to the reduction in the depreciation charges
Finance costs	(826)	(30,903)	30,077	(97.3)	There were only small charges for overdue accounts.
Repairs and maintenance - General	(4,238,207)	(6,195,071)	1,956,864	(31.6)	Significant capital expenditure work on the Halls and Kitchens reduced the amount required for repairs and maintenance.
General Expenses	(78,517,846)	(76,192,894)	(2,324,952)	3.1	Strong control of expenditure led to the savings in general expenses, however costs of sales related to BRICS were higher than anticipated.
	(139,021,404)	(137,255,200)	(1,766,204)	1.3	
Other revenue and costs					
Gain or loss on disposal of assets and liabilities	37,320	-	37,320	-	
Taxation	(9,078,776)	-	(9,078,776)	-	
Net surplus/ (deficit) for the year	35,587,854	1,028,898	34,558,956	358.8	

Plan 21 :ORGANISATIONAL SCORECARD - ICC (SEPT 2013)													
National Key Performance Area	Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	5 Year Target 16/17	Annual Target 12/13	Annual Actual	Indicator	Reason For Variance	Steps Taken to Improve Performance	Comment	PME COMMENTS	Management response
Local Economic Development (LED)	21.1	Macro Economic Impact											
	21.1.1	Economic Impact (Increased Receipts ito National GDP in R 'Billions)	3	Rand Billions	2.8	2.7	2,94	😊					
	21.1.2	Jobs Sustained	7,800	Number	8000	7,900	7 907	😊					
	21.1.3	Number of signed International Meetings Contracts	27	Number	23	15	25,00	😊	We have managed to secure short lead time international events through increased strategic marketing and the improved profiling of the ICC at international trade shows				
	21.1.4	Number of signed National Meetings Contracts	230	Number	200	190	308,00	😊	The marketing and sales department has been ensuring that we secure more national events.				
	21.1.5	Delegate, Visitor and Tourist Days	1,127,749	Number	1,600,000	1 450 000	1 251 413	😞	Unrealistic target. See 2011/12 year figure of 1 127 749 which included COP17 which had over 15 000 delegates. Given the decreasing number of delegates attending conferences this target needs to be revised.				

Plan 21 :ORGANISATIONAL SCORECARD - ICC													
National Key Performance Area	Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	5 Year Target 16/17	Annual Target 12/13	Annual Actual	Indicator	Reason For Variance	Steps Taken to Improve Performance	Comment	PME COMMENTS	Management response
Municipal Financial Viability and Management	21.2	Municipal Financial Viability and Management											
	21.2.1	Revenue Generated R 'million	237.6	Number	135	132	157,95	😊	The increase in the number of high value events hosted has lead to the overachievement.	NA			
	21.2.2	Operating Profit Margin (Percentage) -	31%	%	0%	0	22,00	😊	ICC budgets to break even by the end of the financial year. This operating profit percentage has been achieved as a result of improvements in operating efficiencies which have resulted in lower operating costs. It must be noted that these savings will be reduced in future as staff vacancies are filled.				
	21.2.3	International Meetings Hosted	11	Number	15	12	25,00	😊	We have seen strong growth in international meetings due to the improvement in the international profile of the centre following the hosting of large international events.				
	21.2.4	National Meetings Hosted	322	Number	350	350	299,00	😞	The ICC has hosted more than double the amount of international events so far this year which resulted in national meetings being displaced	No actions are required to improve this KPI as these event numbers reduced due to increases in international business. This is a positive development and has lead to improved economic impact.			
	21.2.5	Exhibitions Hosted	21	Number	28	25	31,00	😊	More exhibitions were hosted due to the increased efforts of the ICC marketing team and introduction of loyalty programme.				
	21.2.6	Market Share (% By No of International Events)	20%	%	25%	23%	42%	😊					

Plan 21 :ORGANISATIONAL SCORECARD - ICC													
National Key Performance Area	Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	5 Year Target 16/17	Annual Target 12/13	Annual Actual	Indicator	Reason For Variance	Steps Taken to Improve Performance	Comment	PME COMMENTS	Management response
Basic Service Delivery	21,3	Service Delivery											
	21.3.1	Enhance Service Standards											
	21.3.2	a. Client satisfaction rating	New revised methodology from 01 July 2012. No baseline available.	%	85%	85%	87,00	😊	Improved service levels due to training and development of staff as well as improved culinary offerings have lead to this overachievement.				
	21.3.3	b. Maintain 5 star grading (ICC and Arena)	5	Number	5	5	5,00	😊					
	21.3.4	Enhance Quality											
	21.3.5	a. Maintain ISO 9001	Yes	Yes/No	Yes	Yes	Yes	😊					
	21.3.6	Enhance Food Safety Standards											
	21.3.7	a. Maintain ISO 22000	Yes	Yes/No	Yes	Yes	Yes	😊					
	21.3.8	Human Capital Development											
	21.3.9	a.Training Days	365.5	Number	150	120	300,00	😊	We have focused on targeted skills training and have been able to complete this ahead of schedule.				
	21.3.10	b. Engage Trainees	9	Number	25	12	8,00	😞	From the selection and recruitment process for trainees only 8 met the requirements. We engaged a further 6 students on 1 July 2013	We engaged a further 6 students on 1 July 2013.			
	21.3.11	c. Graduate Program	8	Number	12	9	7,00	😞	This was a pilot initiative and we have now extended this to other departments. Furthermore 2 graduates found permanent employment in Qatar.	The graduate program will be expanded in the 2013-14 financial year.			

Plan 21 :ORGANISATIONAL SCORECARD - ICC													
National Key Performance Area	Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	5 Year Target 16/17	Annual Target 12/13	Annual Actual	Indicator	Reason For Variance	Steps Taken to Improve Performance	Comment	PME COMMENTS	Management response
Good Governance and Public participation	21,4	Sound Corporate Governance											
	21.4.1	Review Risk Register	Yes	Yes/No	Yes	Yes	Yes	😊					
	21.4.2	Achieve Unqualified Audit Report - For Prior Year (2012)	Yes	Yes/No	Yes	Yes	Yes	😊					
	21.4.3	Media coverage R million	21	Number	15	15	21,00	😊	The hosting of the 5th BRICS Summit during quarter 3 contributed to the over-achievement for this KPI.				
	21.4.4	Corporate Policies & Procedures											
	21.4.4.1	a. Development of Standard Operating Procedures for core service offering	N/A	Number	10	10	10,00	😊	NA	NA	The executive management has been working hard in driving this process of ensuring that policies and procedures are reviewed and implemented as soon as possible		

Plan 21 :ORGANISATIONAL SCORECARD - ICC													
National Key Performance Area	Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	5 Year Target 16/17	Annual Target 12/13	Annual Actual	Indicator	Reason For Variance	Steps Taken to Improve Performance	Comment	PME COMMENTS	Management response
Transformation & Change Management	21,5	Transformation & Change Management											
	21.5.1	a. BBBEE Recognition Level	7	Number	5	6	3,00	😊	This certification takes place once a year. Significant efforts have been made in procuring goods and services from black owned businesses and supporting socio-economic development which resulted in the improved certification level.				
	21.5.2	EE Compliance											
	21.5.2.1	African	77%	%	70%	68%	77%	😊	N/A				
	21.5.2.2	White	11%	%	14%	13%	10%	😞	NA	NA			
	21.5.2.3	Indian	10%	%	12%	15%	10%	😞	NA	NA			
	21.5.2.4	Colored	2%	%	3%	3%	3%	😊	NA	NA			
	21.5.2.5	Disabled	0%	%	1%	1%	0,00	😞	No disabled candidates were engaged as yet as we have not been able to source a suitable candidate.	Disabled people are being targeted when recruiting.			

Plan 21 :ORGANISATIONAL SCORECARD - ICC													
National Key Performance Area	Index	KPI Name	Baseline as at 30 June 2012	Unit Of Measure	5 Year Target 16/17	Annual Target 12/13	Annual Actual	Indicator	Reason For Variance	Steps Taken to Improve Performance	Comment	PME COMMENTS	Management response
People Personal Development & Quality of Life improvement	21.6	People Personal Development & Quality of Life improvement											
	21.6.1	a. Percentage of staff performing at 3 or upwards	60%	%	60%	60%	87%	😊					
	21.6.2	b. Absenteeism percentage (average absenteeism per month)	2.82%	%	5%	5%	2,41%	😊	NA	NA			
	21.6.3	c. Staff Turnover percentage	2%	%	5%	5%	2,09%	😊	NA	NA			



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